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United Nations

United Nations Children's Fund

Financial report and audited financial statements

for the biennium ended 31 December 1997 and

Report of the Board of Auditors

General Assembly
Official Records
Fifty-third session
Supplement No. 5B (A/53/5/Add.2)

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Note

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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Abbreviations

AGFUND	Arab Gulf Programme for the United Nations Development Organizations
CIS	Commonwealth of Independent States
EPF	Emergency Programme Fund
EPI	expanded programme on immunization
ESARO	Eastern and Southern Africa Regional Office
FAO	Food and Agriculture Organization of the United Nations
IAEA	International Atomic Energy Agency
IFAD	International Fund for Agricultural Development
OPEC	Organization of Petroleum Exporting Countries
PAHO	Pan American Health Organization
UNCDF	United Nations Capital Development Fund
UNDCP	United Nations International Drug Control Programme
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
WFP	World Food Programme
WHO	World Health Organization

Letters of transmittal

18 May 1998

Sir,

Pursuant to financial regulation 11.4, I have the honour to submit the financial report and statements for the biennium ended 31 December 1997. These statements have been prepared and signed by the Comptroller.

Copies of these financial statements are also being transmitted to the Advisory Committee on Administrative and Budgetary Questions.

Accept, Sir, the assurances of my highest consideration.

(Signed) Carol **Bellamy**
Executive Director
United Nations Children's Fund

The Chairman of the Board of Auditors
United Nations
New York

15 July 1998

Sir,

I have the honour to transmit to you the financial statements of the United Nations Children's Fund, including the Greeting Card Operation, for the biennium 1996–1997 ended 31 December 1997, which were submitted by the Executive Director. These statements have been examined and include the audit opinion of the Board of Auditors.

In addition, I have the honour to present the report of the Board of Auditors with respect to the above accounts.

Accept, Sir, the assurances of my highest consideration.

(Signed) Vijay Krishna **Shunglu**
Comptroller and
Auditor General of India
and Chairman
United Nations Board of Auditors

The President of the General Assembly
of the United Nations
New York

Chapter I

Financial report for the biennium ended 31 December 1997

Introduction

1. The Executive Director of the United Nations Children's Fund (UNICEF) submits herewith the financial report of UNICEF, accompanied by 12 statements and 12 schedules, for the biennium ended 31 December 1997. Of these, statements I, II, III and VII are now presented in line with the formats agreed upon by the Administrative Committee on Coordination as a step towards the harmonization of the accounts of agencies in the United Nations system. The financial report provides the financial results of UNICEF activities in 1996 and 1997. Highlights are summarized in the following paragraphs.

Income

2. UNICEF income in the biennium 1996-1997 totalled $1,846 million. Virtually all Governments of both industrialized and developing countries contributed to UNICEF in the period 1996-1997. Income comprised $1,098 million for general resources, $530 million for supplementary funds and $218 million in emergency contributions. The breakdown of UNICEF income by source is: 65 per cent ($1,201 million) from Governments; 32 per cent ($585 million) from fund-raising campaigns, greeting card income and individual donations; and 3 per cent ($54 million) from miscellaneous sources, including interest and exchange rate revaluation of assets and liabilities. The amount of $6 million was contributed under interorganization arrangements.

Expenditures

3. UNICEF expenditures in the biennium 1996-1997 were $1,835 million. This amount consisted of $875 million for programme cooperation from general resources, $532 million for programme cooperation from supplementary funds and $253 million for emergency relief and rehabilitation. The remaining expenditures of $175 million were for management and administration.

Donations-in-kind

4. Donations-in-kind valued by donors at $52 million were delivered by UNICEF to projects during the biennium 1996-1997. These deliveries are not reflected in the financial accounts of UNICEF, although they are handled through the administrative structures of the organization.

Special accounts

5. Special accounts not related to programmes approved by the UNICEF Executive Board are not entered in the financial accounts of UNICEF as income and expenditures. These funds are used mainly to cover the cost of goods and services purchased and delivered on a reimbursable basis by UNICEF on behalf of Governments, other agencies in the United Nations system and non-governmental organizations. In the biennium 1996-1997, UNICEF

received $180 million in cash for these special accounts. Disbursements and obligations totalled $220 million, and $27 million were either returned to donors or approved by donors for other services.

Cash holdings

6. UNICEF has total cash of $417 million (which includes the unspent balances from special accounts in the amount of $50 million). An amount of $416 million is held in first-class banks, comprising $398 million in interest-bearing time deposit accounts and $18 million in current bank accounts. Cash-on-hand accounts amount to $1 million. The total cash holdings of UNICEF included $6 million in currencies restricted for use in the donor countries for purchases and other local expenditures.

Approved programmes

7. During the biennium 1996-1997, the Executive Board approved the amount of $1,654 million for new programmes for children in countries with which UNICEF cooperates, as well as for regional and interregional projects. This total includes $932 million in programmes to be funded from UNICEF general resources and $505 million for projects that the Board approved as worthy of support and that were financed by pledges of supplementary funds made in 1996-1997. The total also includes $217 million for projects financed by pledges for emergency relief and rehabilitation.

(*Signed*) Carol **Bellamy**
Executive Director
United Nations Children's Fund

Chapter II
Report of the Board of Auditors

Summary

The Board of Auditors has audited the operations of the United Nations Children's Fund including the greeting card and related operations at UNICEF headquarters in New York, at Copenhagen and Geneva and at 15 field offices. The Board also validated the financial statements of UNICEF for the biennium ended 31 December 1997, and has conducted a special audit concerning the capital assets Fund, as requested by the Advisory Committee on Administrative and Budgetary Questions in its report (A/51/533) and subsequently approved by the General Assembly in its resolution 51/225 of 3 April 1997.

The Board's main findings are as follows:

(a) The programme expenditure of $1,356.4 million in the financial statements for the biennium 1996–1997 included some $100.6 million that was not liquidated by Governments at 31 December 1997;

(b) Documents supporting accounting for cash assistance to Governments were in some cases inadequate and were also not always checked for both substance and accuracy by responsible officers before they were processed;

(c) The financial operation of UNICEF for the biennium 1996–1997 ended with a shortfall of income over expenditure of $14.6 million, compared with a shortfall of $5.4 million declared in the previous biennium mainly owing to a decline in incomes of supplementary funds by 6.6 per cent and emergency relief and rehabilitation programmes by 42 per cent;

(d) While the global implementation of general resources and supplementary funded programmes combined increased from 72 per cent in 1996 to 78 per cent in 1997, the level of implementation of supplementary funded programmes of 72 per cent in 1997 (70 per cent for 1996) lagged behind the general resources programme level of 86 per cent;

(e) The funds earmarked for UNICEF capital assets were reprogrammed to include four other projects without prior approval of the Executive Board. Based on invoices submitted by the lead United Nations agency for the construction of common premises on six of the projects, there were substantial cost overruns ranging from 29 to 287 per cent over the contract prices;

(f) UNICEF has started the process of conversion and replacement of its computer systems to be year 2000 compliant.

The key recommendations are:

(a) UNICEF should strengthen the oversight responsibilities on the review of liquidation of statements in respect of cash assistance to governments to ensure that they are properly supported with complete details;

(b) UNICEF should expand and intensify its fund-raising activities, particularly in the area of general resources, and also strengthen the monitoring and control of expenditures;

(c) In order to improve its financial performance, the greeting card and related operations should increase the volume of its product sales and also step up its fund-raising activities through the development of new marketing, advocacy and sales promotional strategies;

(d) The Administration should establish a more frequent interval for the transfer of sales proceeds to UNICEF by the National Committees to improve the recovery rates of sales proceeds.

The list of the Board's main recommendations is included in paragraph 11.

A. Introduction

1. The Board of Auditors has audited the financial statements of the United Nations Children's Fund (UNICEF), including the greeting card and related operations, for the biennium ended 31 December 1997 in accordance with General Assembly resolution 74 (I) of 7 December 1946. The audit was conducted in conformity with article XII of the Financial Regulations of the United Nations and the annex thereto and with the common auditing standards of the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency. These standards require that the Board plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

2. The audit was conducted primarily to enable the Board to form an opinion as to whether the expenditures recorded in the biennium 1996–1997 had been incurred for the purposes approved by the Executive Board of UNICEF; whether income and expenditures were properly classified and recorded in accordance with the Financial Regulations; and whether the financial statements of UNICEF presented fairly the financial position at 31 December 1997 and the results of the operations for the period then ended.

3. The audit included a general review of financial systems and internal controls, and a test examination of accounting records and other supporting evidence to the extent the Board considered necessary to form an opinion on the financial statements.

4. In addition to the audit of the accounts and financial transactions, the Board carried out reviews under financial regulations 12.5. The reviews concerned the efficiency of financial procedures, the internal financial controls and, in general, the administration and management of UNICEF. As requested by the Advisory Committee on Administrative and Budgetary Questions in its report (A/51/533) and subsequently approved by the General Assembly in its resolution 51/225 of 3 April 1997, the Board of Auditors reviewed the capital assets fund of UNICEF.

5. The audit was carried out at UNICEF headquarters in Geneva, New York, and Copenhagen and at the field offices in Argentina, Bolivia, Ethiopia, India, the Lao People's Democratic Republic, Liberia, Papua New Guinea, Peru, the Philippines, Romania, Uganda, the United Republic of Tanzania, Viet Nam and Zambia, including the greeting card and related operations offices in New York and Geneva.

6. During the period under review, the Board continued its practice of reporting the results of specific audits through management letters containing detailed observations and recommendations to the Administration. This practice helped to maintain an ongoing dialogue with the Administration on audit issues.

7. The present report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly. The Board's observations and conclusions on all matters contained in the present report were discussed with the Administration, whose views, where appropriate, have been reflected in the report. The report is divided into two parts, covering the audit of financial issues and management issues, respectively.

8. A summary of the Board's main recommendations is contained in paragraph 11. The detailed findings are reported in paragraphs 12 to 101.

1. Previous recommendations not fully implemented

9. In accordance with section A, paragraph 7, of General Assembly resolution 51/225, the Board noted that UNICEF has not fully implemented the Board's recommendation in 1992–1993 to expedite the clearing of staff personnel accounts. According to the Administration, changes and enhancements continue to be made to the personal recovery system. These developments, coupled with changes in technical staff, have delayed some aspects of the implementation. Further, while the system is now operational, features such as better report capabilities and linkages with other systems were being developed.

10. In accordance with General Assembly resolution 48/216 B of 23 December 1993, the Board also reviewed the measures taken by the Administration to implement the recommendations made in its report for the period ended 31 December 1995. Details of the action taken and the comments of the Board are set out in annex to the present report.

2. Main recommendations

11. The Board's main recommendations are:

(a) UNICEF should strengthen the oversight responsibilities on the review of liquidation statements in respect of cash assistance to Governments to ensure that they are properly supported with complete details (para. 18);

(b) UNICEF should expand and intensify its fund-raising activities, particularly in the area of general resources, and strengthen the monitoring and control of expenditures (para. 21);

(c) UNICEF should strengthen its efforts to obtain formal receipts from Governments as evidence that supplies and equipment have been received (para. 46);

(d) UNICEF should seek retrospective approval for the four projects added without the Executive Board's authorization (para. 57);

(e) UNICEF should ensure that all systems are tested for year 2000 compliance with sufficient lead time to address any deficiencies (para. 70);

(f) The Administration should ensure that recruitment of consultants fully comply with established rules and procedures (para. 76);

(g) UNICEF should develop, in order to improve the financial performance of its greeting card and related operations, new marketing, advocacy and sales promotional strategies in order to increase the volume of its product sales and also increase its fund raising (para. 82);

(h) The Administration should establish a more frequent interval for the transfer of sales proceeds to UNICEF by the National Committees to improve the recovery rates of sales proceeds (para. 87);

(i) The Administration should ensure that all National Committees comply with the cash accounting reporting requirements (para. 93);

(j) The Administration should recover a total of $1.45 million not accounted for by five National Committees (ibid);

(k) The Administration should take appropriate steps to establish responsibility with a view to recovering the loss incurred by UNICEF as a result of fraudulently recording transactions in a field office in the amount of $445,000 (para. 101).

B. Financial issues

1. Accounts and financial reporting

Cash assistance to Governments

12. Cash assistance to Governments provides funds to Governments to support programme implementation in countries with which UNICEF cooperates. UNICEF requires Governments to account for the utilization of advances within six months of receipt by submitting payrolls, invoices, detailed certificates and other documentary evidence to confirm that valid programme expenditure was incurred. The programme officers of UNICEF are required to confirm the correctness, validity and completeness of expenditure documentation. The accounting procedure provides for unspent balances to be returned by Governments.

13. In its report for the biennium ended 31 December 1995, the Board expressed concern about the long outstanding cash assistance to Governments and the recording of such assistance as programme expenditure at the time funds were advanced to Governments contrary to the definition of programme expenditure in the UNICEF Financial Regulations and the Policy Manual on Accounts. The Board therefore recommended that the Administration should review the policy of recording cash assistance to Governments in line with the provisions of the Financial Regulations and the Policy Manual on Accounts. The implementation of this recommendation was endorsed by the General Assembly in section A, paragraph 6, of its resolution 51/225.

14. The Board's follow-up during the biennium 1996–1997 showed that the Administration had initiated measures, including suspension of cash assistance to Governments, which had failed to liquidate overdue cash assistance and more effective monitoring of cash assistance to Governments. Total unliquidated cash assistance to Governments at 31 December 1997 was $111.7 million, compared with $120.7 million at 31 December 1995, showing a reduction of $9.0 million (7 per cent). The ageing analysis showed that out of the $111.7 million, a total of $11.1 million (9.9 per cent) has been outstanding for over nine months, compared with $34.3 million (28.4 per cent) at 31 December 1995, indicating a significant reduction of $23.2 million in the overdue cash assistance.

15. On the treatment of cash assistance to Governments as direct expenditure contrary to provisions of the Financial Regulations and the Policy Manual on Accounts, the Administration has indicated that the issue will be discussed with the UNICEF Executive Board in 1999 after due consultation with the Advisory Committee on Administrative and Budgetary Questions. Subject to the approval of the Executive Board, the relevant rules and regulations will be revised. The Administration intends to complete the process by December 1999. As a result, the recommendation of the Board was not implemented in the preparation of the financial statements for the biennium ended 31 December 1997. The programme expenditure of $1,356.4 million in the financial statements for the biennium 1996-1997 included cash assistance of some $100.6 million that had not been liquidated by Governments by 31 December 1997.

16. The Board's interim audits and the Internal Audit reports noted that liquidation documents did not always meet required standards. In some of these reports, many of the liquidations had been achieved on the basis of acceptance of certificates of expenditure from counterparts without enough evidence that local conditions and existing government controls were sufficient to enable reliance to be placed on government certificates. The reports also disclosed that documents supporting expenditures were inadequate and were not always checked for both substance and accuracy by responsible officers before processing.

17. The Board further observed that overdue unliquidated cash assistance to Governments of $3,271,906 had been written off against the accounts of 45 field offices in the biennium. The reasons assigned for the write-offs, some dating as far back as 1981, were lack of documentation, change of Government and the absence of officers involved in the programme activities both in UNICEF and counterpart offices.

18. The Board recommends that the Administration strengthen the oversight responsibilities on the review of liquidation statements in respect of cash assistance to Governments to ensure that they are properly supported with complete details.

Financial performance

19. The financial operations of UNICEF for the biennium 1996–1997 ended with a shortfall of income over expenditure of $14.6 million compared with a shortfall of $5.4 million declared in the previous biennium. General resources, the main source of UNICEF income, recorded excess of income over expenditure of $40.6 million while supplementary funds and emergency relief and rehabilitation programme incurred significant shortfall of income over expenditure of $12.7 million and $42.4 million, respectively. The significant increase in the excess of expenditures over income was mainly a result of the decline in supplementary funds and emergency relief and rehabilitation programme incomes of 6.6 per cent and 42 per cent respectively over the 1994–1995 amounts and a rise in expenditure of 8.4 per cent in supplementary funds and 31 per cent in emergency relief and rehabilitation programme expenditures.

20. At 31 December 1997, the current assets of UNICEF, amounting to $716 million, exceeded current liabilities of $528 million by $188 million, disclosing a liquidity ratio of 1.36:1. Although this position showed an improvement of 7.9 per cent over the position at 31 December 1995, it is still below the generally accepted norm, which requires that current assets should exceed current liabilities by two times. Notwithstanding the improvement, the Board observed the need for further improvement in working capital management if UNICEF is to attain the accepted standard.

21. The Board recommends that UNICEF expand and intensify its fund-raising activities, particularly in the area of general resources, and strengthen the monitoring and control of expenditures.

22. The Administration stated that budgetary control measures were in place to monitor closely the income and expenditure on both the programme and support budgets. The Administration indicated that it would continue to intensify the income-generating activities.

Accounting for contributions-in-kind

23. UNICEF financial regulation 4.6 requires that contributions-in-kind be considered as income only when specifically requested by UNICEF and received in accordance with its specifications. By this regulation contributions-in-kind received from donors during a financial period but not specifically requested by UNICEF are kept outside the mainstream accounting system and therefore disclosed as a note to the financial statements.

24. For the biennium 1996–1997, total contributions-in-kind received and delivered to projects by UNICEF amounted to $51.8 million, compared with $51.6 million for the biennium 1994–1995. Out of the amount received in 1996–1997, only $129,473 was recognized as income, while the remaining significant portion of $51.7 million was recorded on a memorandum basis and disclosed in the notes attached to the financial statements.

25. Although the dual reporting of contributions-in-kind partly as income and partly as a memorandum item corresponds with UNICEF regulations, there was the need to re-examine the accounting treatment in view of the materiality of the resources involved. The present method of reporting contributions-in-kind consistently understates income and expenditure in the financial statements. The Board considers that the introduction of the records of such resources into the main accounting system would enhance the effectiveness of management control over contributions-in-kind.

26. The Administration assured the Board that it is presently reviewing the accounting procedures and financial reporting of contributions-in-kind. The Board will keep this matter under review in its future audits.

United Nations System Accounting Standards

27. The Board assessed the extent to which the UNICEF financial statements for the biennium ended 31 December 1997 conform to United Nations System Accounting Standards. The review indicated that the presentation of the financial statements is generally consistent with the standards except the presentation of cash flow statements as discussed below.

28. The cash flow statement for the biennium ended 31 December 1997 reports cash flows from "balances on funds and special accounts" of $48.2 million under operating activities instead of under investing and financial activities as required by the United Nations System Accounting Standards. UNICEF financial regulation 5.3 states that "funds placed in special accounts shall not form part of the income of UNICEF". Accordingly income derived from special account is not included in the determination of UNICEF net results from operations and therefore should not be considered as input for cash flows from operating activities. The effect of the current reporting was that cash flows from operating activities was understated by $48.2 million while cash flows from investing and financing activities overstated by the same amount.

29. The Board further noted that the financial statements of UNICEF are consolidated with those of the greeting card and related operations. Owing to its commercial nature, the greeting card and related operations depreciates its capital assets in conformity with its accounting policy. In the Board's view the depreciation element of $669,104 as well as other non-cash transactions which may arise in the financial operations of the greeting card and related operations need to be disclosed in the consolidated cash flow statement as adjusting items to net income from operations in line with the indirect method of presenting cash flow statements. In the opinion of the Board failure to disclose these non-cash transactions could affect the reported cash flow from operating activities where the amounts involved are material.

30. In order to address the above concerns, the Board agreed with the Administration that it would be appropriate to discuss the matter with the Consultative Committee on Administrative Questions (Financial and Budgetary Questions) to consider whether the United Nations System Accounting Standards need to be revised in this respect.

2. Write-offs of losses of cash, receivables and property

31. The Administration informed the Board that during the biennium 1996–1997, write-offs totalled $21.1 million, comprising cash, receivables, obsolete property and losses. Of this, governmental and non-governmental receivables totalling $18.9 million ($0.6 million of general resources, $11.5 million of supplementary funds and $6.8 million of emergency relief and rehabilitation funds) were written off. In addition, $6.8 million of prior years' accounts receivable and $3.1 million of obsolete inventory were written off against greeting card and related operations income for the campaign year ended 30 April 1997.

32. The Board was also informed that out of $2.2 million written off as losses, $0.54 million involved cash, uncollectible receivables of $0.31 million, $0.98 million of balances in procurement services accounts, while $0.35 million pertained to the value of obsolete supplies in the UNICEF Supply Division Warehouse in Copenhagen.

3. Ex gratia payments

33. The Administration informed the Board that no ex gratia payments were made during the biennium 1996–1997.

C. Management issues

1. Programme management

Programme implementation

34. The Board's review of the level of country programme implementation, expressed in terms of expenditure as a proportion of the budget, disclosed that global implementation of general resources and supplementary funded programmes combined increased from 72 per cent in 1996 to 78 per cent in 1997. For the general resources programmes the level of implementation declined from 91 per cent in 1996 to 86 per cent in 1997; these rates are below UNICEF assumed level of implementation benchmark of 93 per cent used for 1995. The level of implementation of supplementary funded programmes of 72 per cent in 1997 (70 per cent in 1996) lagged behind the general resources programme level of 86 per cent.

35. The Board's analysis of country offices in the biennium established some of the common causes of low implementation as frequent changes in counterpart ministries, inadequate monitoring, low government support to UNICEF programmes, unrealistic phasing of allotments, and weak communication between field offices and headquarters on details of agreements concluded with donors.

36. The Administration informed the Board that it had initiated steps to address some of the factors contributing to the low programme delivery. For example, the guidelines for programme management were under review as a follow-up to a workshop organized by the Programme Division in June 1997. Among the improvements in programme guidance was the establishment of a more vigorous country programme management process, which included not only an annual programme review with national partners, but also an internal programme management review for the UNICEF country offices. Also, a more viable country programme mid-term review process had been planned for 1996–1998 for a number of country programmes to help improve the achievement of desired results.

Monitoring and evaluation

37. UNICEF headquarters sets broad policy guidelines on monitoring and evaluation which are disseminated within the organization. Each field office prepares an integrated monitoring and evaluation plan, which summarizes the main activities to be undertaken during the country programme implementation phase.

38. During the three years ended 31 December 1997, total evaluations, studies and programme reviews planned for all sectors totalled 1,862, of which 1,432 were completed, 238 were ongoing and 192 were yet to be started.

39. The Board noted in its review of the monitoring and evaluation reports of country offices that the existing evaluation methodologies and guidelines did not fully meet the needs of sectors such as child rights programmes, capacity-building, participation and new modes of cooperation. In addition, country offices had not fully complied with the evaluation requirements in order to facilitate effective review. That had hindered effective sharing of information about the results of evaluation work to serve as lessons learnt and to be considered in the organization's decision-making.

40. The Administration informed the Board that it had addressed the identified constraints in the evaluation policy and planning workplan, and was working towards instituting and streamlining the practice of reporting annually to senior management on main conclusions and findings from evaluation. Such reports were expected to be widely circulated for discussion to serve as a management tool.

41. In its decision 1995/8, the UNICEF Executive Board requested the Administration to submit to the Executive Board a summary of the outcome of mid-term reviews and major evaluations, specifying, *inter alia*, the results achieved, lessons learned and any possible adjustment in the country programmes to enable the Executive Board to comment on the reports and provide guidance if necessary.

42. The Board of Auditors noted that the six regional reports submitted to the UNICEF Executive Board during 1996–1997 on mid-term reviews and major evaluations were not uniform and did not provide adequate data to assist the Executive Board in discerning results achieved, lessons learned and programmes that needed adjustments. Two of the reports were more analytical than the other four.

43. To enable the mid-term review and evaluations to be used as tools for effective monitoring of programmes, **the Board recommends that the Administration review the format of the reports that are submitted to the Executive Board for uniformity in presentation and ensure that the required information are provided.**

44. The Administration considered that there had been significant improvement in the quality and content of summary reports but agreed that more could be done. As a result, the Administration will provide the necessary guidance to regional and country offices to broaden further the scope of reports submitted to the Executive Board on mid-term reviews and major evaluations, to strengthen this important review and evaluation process.

Acknowledgment of programme supplies and equipment

45. The UNICEF Field Manual requires field offices to ensure that arrangements have been made to transfer responsibility for UNICEF supplies and equipment to the Government and that an appropriate government official must sign the government receipt as formal evidence that UNICEF has delivered supplies and equipment as previously agreed with the Government. Based on a test examination, the Board was not able to confirm that programme supplies valued at some $3 million delivered by UNICEF had reached the intended recipients in five countries.

46. In order to complete the cycle of documentation on the transfer of supplies to Government, the Board recommends that UNICEF strengthen its efforts to obtain formal receipts from Governments as evidence that supplies and equipment have been received.

2. Office accommodation

47. During 1996–1997, UNICEF consolidated its New York headquarters into two buildings– UNICEF House and 633 Third Avenue and vacated premises at 333 East 38th Street and Dag Hammarskjöld Plaza.

48. The lease agreement on 333 East 38th Street, formerly occupied by greeting card and related operations, was for the period from 1 January 1990 to 31 December 2003. The floor space of 40,000 square feet which was vacated by greeting card and related operations on 6 September 1996, attracts annual rent of $1,080,000 for 1997 and 1998, and an annual rent of $1,181,600 for 1999 to 2003. Since there was no termination clause in the tenancy agreement, UNICEF could not abrogate the agreement at the time of the movement.

49. After the move in September 1996, UNICEF was only able to sublet the vacant space to a tenant after seven months for the period 1 April 1997 to 31 December 2003 at a lower fixed rent of $4.4 million, as compared with the rental obligation of UNICEF of $8.2 million for the same period. Accordingly, despite benefits being derived from consolidation from three buildings to two, UNICEF has incurred a total liability of $3.8 million, which could have been avoided if a termination clause had been inserted in the initial lease agreement between UNICEF and its landlords and also if the move had been effectively planned. For example, the decision of the greeting card and related operations to vacate the former premises was taken in 1993, but the services of a real estate company to market the vacant space was only engaged in July 1996, which suggests inadequate planning of the move. The Board however noted that the total liability of $3.8 million incurred by UNICEF was lower than the $4.8 million originally anticipated in the 1993 report to the UNICEF Executive Board (E/ICEF/AB/L.15).

50. The Board recommends that the Administration consider the inclusion of a termination clause in future negotiations for office space lease agreements.

51. The Administration explained that the rental market "softened" appreciably during the time greeting card and related operations vacated its former office space resulting in lower rental market value at the time the lease agreement with the sub-tenant was signed. The Administration assured the Board that in future negotiations for office space lease agreements it would ensure that greater flexibility is afforded UNICEF to avoid unprotected long-term commitments and, where applicable, a termination clause would be included.

3. Capital assets fund

52. As requested by the Advisory Committee on Administrative and Budgetary Questions (A/51/533) and subsequently approved by the General Assembly in its resolution 51/225, the Board of Auditors reviewed the capital assets fund of UNICEF.

53. The capital assets fund was created for the acquisition of office premises and staff housing by the Executive Board through its decision 1990/26 of 26 January 1990. An amount of $22 million was set aside from general resources for the fund to be disbursed at the rate of 75 per cent for field office accommodation and 25 per cent for staff housing in field offices. In addition to the $22 million set aside, there were ongoing projects in the form of UNICEF office accommodation and housing with a total value of $4.4 million, increasing

the fund position to $26.8 million taking into account additions and disposals within the biennium 1996–1997.

54. The Executive Board in its approval of the fund had shown preference for joint construction of common premises by United Nations agencies. By the common premises arrangement, UNICEF is to make a direct contribution of its proportionate share of the project costs to the lead and executing agency, the United Nations Development Programme (UNDP). However, where joint participation is not possible or feasible, UNICEF would arrange either for local purchase, construction or renovation of existing UNICEF offices. The fund would also be used for the construction or direct purchase of suitable housing for the use of staff only in those cases where such housing is not available for rent or rental rates are exorbitant.

55. The Executive Board had envisaged that 15 of the common premises would have been completed at different locations by 1992. The Board's review disclosed that the implementation of the project was not in accordance with the two year dateline set by the Executive Board of UNICEF. Out of the 15 projects originally approved by the Executive Board in January 1990, only 2 were completed (Cape Verde and Sao Tome and Principe) and that in Guinea-Bissau was ongoing at 31 December 1997.

56. The Board also noted that the Administration added four projects, in Zambia, Niger, the Comoros and Maldives to the original list without the prior approval of the Executive Board. Of the four projects, three (Zambia, the Comoros and Maldives) had been completed at 31 December 1997. Therefore, of the 19 projects, 5 had been completed and 1 was ongoing at 31 December 1997. Of the total fund of $26.8 million, an amount of $12.0 million was utilized, leaving a cash holding of $14.8 million at 31 December 1997. The Board is concerned about the slow implementation rate of the projects, but noted that UNICEF had no control over the problem.

57. The Board considers that since the UNICEF Executive Board specified the projects to be undertaken in its approval of the establishment of the capital assets fund, any relocation and reprogramming of funds should receive the Executive Board's prior authorization. **The Board therefore recommends that UNICEF seek retrospective approval for the four projects added without the Executive Board's authorization.**

Construction of common premises

58. The Board's review of the approved budgets with the contract prices and the last bill from UNDP on the projects in Cape Verde, the Comoros, Guinea-Bissau, Maldives, Sao Tome and Principe and Zambia showed substantial cost overruns as of 31 December 1997 in the implementation of these projects as reflected in the table below.

59. The Administration attributed the variations partly to the omission from the original estimates of additional costs, such as professional fees for architects and engineers; site supervision/meetings/consultancy; the cost of landscaping; the increase in space allocations from the original request; and the cost for reinforcing foundation built on swampy ground in the case of Guinea-Bissau.

60. The Board considers the explanations provided by the Administration unacceptable because some of the additional costs incurred should have been foreseen at the time that the estimates were submitted to the Executive Board for approval.

61. During its interim audit in 1993, the Board recommended that UNICEF should take steps to obtain copies of the agreements on the common premises contracts and the related architects' certificates from UNDP, which would provide detailed information on the costs, items and levels of the projects for more effective monitoring of the projects. The Board

Cost overruns in project implementation
(United States dollars)

Location of project	*Approved estimates*	*Contract price*	*Invoiced by UNDP*	*UNICEF payments*	*Cost increase based on approved estimate*	*Percentage increase based on contract price*
Cape Verde	300 000	499 760	845 188	499 760	545 188	69
Comoros	248 400	702 067	904 195	—	655 795	29
Guinea-Bissau	600 000	646 898	2 501 945	646 898	1 901 945	287
Maldives	321 000	321 000	425 788	320 089	104 788	33
Sao Tome	300 000	541 606	607 007	403 853	307 007	12
Zambia	780 000	780 000	1 927 464	780 000	1 147 464	147
Total	**2 549 480**	**3 491 331**	**7 211 587**	**2 650 600**	**4 650 600**	**96**

observed that this recommendation had not been implemented and, owing to the absence of these documents, there was dispute on the settlement of project bills from UNDP. Out of $7,211,587 in bills raised on UNICEF by UNDP, UNICEF had released an amount of $2,650,000 as its share with the understanding that subsequent reimbursement would only be made upon receipt of all contracting documents.

62. According to the Administration, the apportionment of costs billed for completed projects varied significantly from the original estimates and, in some cases, the projects have proved not to be cost-effective. For this reason, all common premises projects were put on hold until the ongoing investigation at UNDP is completed and outstanding issues of cost overruns are resolved.

63. The Administration informed the Board that the subgroup on common premises, with the endorsement of UNDP, UNICEF, the United Nations Population Fund (UNFPA) and the World Food Programme (WFP), is planning to proceed with potential common premises projects on a case-by-case basis. Also, a consultancy firm has been hired by the subgroup to prepare policy guidelines for future common premises projects. It is now the policy of the subgroup to conduct a thorough cost-benefit analysis of potential real estate options in a country before any agreement to proceed on common premises is reached.

64. The Board will keep this matter under review in its future audits.

4. Computer operations and electronic data processing systems

Computer systems

65. The Board noted that UNICEF was implementing three systems: the Integrated Management Information System (IMIS) for human resources, including payroll; the Programme Management System (PROMS) for programme planning, budgeting, implementing and monitoring in the field; and the Finance and Logistics System (FLS) for procurement, materials and logistics management. Budgetary allocations for the three systems for the biennium 1996–1997 amounted to $12 million, made up of $3.1 million for IMIS, $4.4 million for PROMS and $4.5 million for FLS. The actual expenditure incurred on the three systems during the biennium was $11.8 million (IMIS, $3.1 million, PROMS, $4.2 million, and FLS, $4.5 million). As a result of resource constraint, budget provision for the systems for the 1998–1999 biennium was reduced by 17 per cent to $10 million.

66. The Board noted, however, that UNICEF's implementation of IMIS was very much dependent on the United Nations completion of the IMIS releases, and delays in the delivery

of these releases would adversely affect the UNICEF schedule of implementation. For instance, release I and II, which form the core of the system, and release IV were planned for implementation by the end of February and August 1997, respectively, but were delayed. UNICEF has rescheduled the implementation of the programme as follows:

Release 1: Classification, case management, recruitment and personnel services, May 1998

Release 2: Entitlements, July 1998

Release 4: Time and attendance, payroll, insurance and related functions, July 1999

67. The Board will continue to review the implementation process of IMIS, as well as PROMS, FLS and other related issues in its subsequent audits.

5. Year 2000 issue

68. The Board undertook a study to assess the preparedness of UNICEF for managing the year 2000 issue which threatens all information systems. The Board noted that UNICEF had reviewed its status on the year 2000 issue and had identified major areas of concern. At the headquarters level, it had planned to transfer all its applications (about 100) from the current Wang and IBM platforms to a financial and logistics system that is year 2000 compliant. The proposed replacement of the software and hardware for this system would be completed by June 1999.

69. In the country offices, the existing application system was being replaced with a new year 2000 compliant system, PROMS. In 10 country offices, it had already been implemented and the replacement of software and hardware in other country offices were expected to be completed by March 1999.

70. The Board recommends that UNICEF ensure that all systems are tested for year 2000 compliance, with sufficient lead time to address any deficiencies.

6. Consultants and experts

Engagement of consultants without bidding

71. The administrative instruction on consultants states that it is not advisable to waive competition solely on the argument that the proposed consultant enjoys a good relationship with UNICEF and has performed satisfactorily or that the selection process, based on competition, might take a longer time. Even in the case of extensions, a preliminary survey of the market may be a good gauge of whether or not a consultant is still competitive and UNICEF is still getting competitive rates.

72. The Board's test examination of 60 special service agreements of the Programme Division disclosed that 13 contracts (22 per cent) had been awarded without competitive bidding. In 6 out of the 13 contracts, justification to opt for single source selection was not provided. Although in the remaining seven cases, justifications were provided, the Board did not find them strong enough for waiver of competition. In one case, the contract for $59,000 was not subjected to competitive bidding on the grounds that the consultant had performed the tasks extremely well for the past 11 months and training a new consultant would set back the continuity and work of the Division. In another case involving $11,085 the justification provided by the Urban Section, which had earlier used the services of the consultant, was that the Section was satisfied with the consultant's performance.

73. In a field office, the Board noted that out of a sample of 48 special service agreements none of the consultants had been hired through competitive bidding. This had persisted even after the Contract Committee expressed its concern over the deviation from the established

procedures and suggested that the consultancy database should be updated regularly to create a pool of qualified candidates to facilitate competitive bidding.

74. In another field office, of 57 consultants engaged at a total cost of $375,277 for 1996, 15 (with the total expenditure of $190,407) had not been subjected to competitive bidding. The field office has also not developed standard criteria for the selection of consultants and has not created a database on consultancy to provide a repository of information that would facilitate the selection of consultants, enhance transparency in the selection process and provide a more efficient management of consultancy contracts. Furthermore, the procedures for the management of consultancy contracts in the field office lack effective internal control as the Programme Section prepares the terms of reference, invites consultants, agrees on values of the contract and also monitors the implementation of the contracts.

75. The Board's test examination of 69 special service agreements processed between January and September 1997 by a country office disclosed non-observance of approved financial limits, excessive use of individual contractors for routine jobs of existing staff, non-standardized fee structure, inadequate evaluation of contractors' work, expertise or competence, incomplete documentation and commencement of work prior to authorization of contracts.

76. The Board recommends, and the Administration agrees, that the recruitment of consultants should comply fully with established rules and procedures in the future.

Evaluation of performance of consultants

77. UNICEF administrative instructions on the use of special service agreements require that at the end of an assignment a supervisor must prepare a performance evaluation report on the work performed by a consultant/contractor. They also state that it is the responsibility of heads of offices to ensure that performance evaluations are done and that final payments against contracts are not made until an evaluation attested that the entire assignment has been satisfactorily completed.

78. The Board examined 57 special service agreements issued by three divisions at UNICEF headquarters, New York (Human Resources, Programme and Information Resources Management Divisions) for the period from 1 January 1996 to 30 October 1997 and found that payments in 23 cases (40 per cent) had been made without the required evaluation reports. For those payments with evaluation reports, the evaluation officers had failed to specify whether the consultants' work conformed to the terms of reference of their contracts.

79. The Administration informed the Board that it had made it a requirement in the authorization form of the Division of Human Resources for the evaluation to be done. It had also introduced a detailed evaluation report for temporary fixed-term appointments and for consultants who were hired for longer periods of time.

80. Evaluation reports would assure Administration that value-for-money has been derived from the use of this category of personnel. **The Board recommends that the Administration ensure that established procedures relating to the evaluation of the performance of consultants are fully complied with.**

D. Greeting card and related operations

1. Overall performance

81. The Board reviewed the financial performance of the greeting card and related operations for the fiscal year ended 30 April 1997 and noted that gross proceeds from the sale of products and net operating income from private sector fund-raising activities of $254.5 million fell below the budgeted amount of $304.0 million by $49.5 million (16 per cent). The total net income of $139.5 million for the 1996/97 fiscal year was short of the previous period's amount of $151.3 million by $11.8 million.

82. In order to improve the greeting card and related operations' financial performance, the Board recommends that the Administration develop new marketing, advocacy and sales promotional strategies in order to increase the volume of its product sales and also increase its fund-raising.

83. The liquidity ratio determines an organization's ability to honour its short-term liabilities from short-term assets. The Board's computation of the liquidity ratio of the greeting card and related operations at 30 April 1997 disclosed that its current assets were 4.3 times the current liabilities, thus showing a favourable position. However, the composition of the current assets of $181.6 million, which included accounts receivable of $180.5 million (99 per cent), rendered its working capital dependent on the recovery of these amounts.

84. The Board noted that $48.15 million of the accounts receivable at 30 April 1997 was due from seven National Committees, which were required by the terms of the recognition and cooperation agreements to remit their sales proceeds six months after the close of their fiscal years. Although the fiscal year of one National Committee ended on 31 January 1997 and those of the six others ended on 31 March 1997, none of them had remitted any part of the sales proceeds of $48.15 million due from them at the time of the Board's audit in November 1997.

85. Furthermore, owing to the delays in the transfer of sales proceeds by national committees, the greeting card and related operations had incurred exchange rate losses of $3.2 million in 1995/96 and $11.2 million in 1996/97. In spite of the recurring late transfer of sales proceeds by the National Committees, the Board did not find any evidence that the provision relating to the imposition of interest on late transfers had been applied by the Administration in accordance with the terms of the recognition agreements.

86. The Board acknowledged the efforts of the Administration in the follow-up on the collection of the amounts due from the National Committees through correspondence. The Board is however concerned about the present system whereby the National Committees transfer sales proceeds to the greeting card and related operations only six months after the end of their fiscal year.

87. The Board recommends that the Administration establish a more frequent interval for National Committees to transfer their proceeds to the greeting card and related operations. Also, the Administration should enforce the interest payment provision on late transfer of sales proceeds to the greeting card and related operations as enshrined in the recognition agreements.

88. The Administration indicated that it would intensify its efforts to collect the outstanding accounts receivable and draw the attention of the National Committees to the interest provision on the late transfer of sales proceeds.

2. Performance of sales partners

89. The Board reviewed the sales performance of the National Committees and field offices under the greeting card and related operations New York area for the 1996 campaign year. Of the 53 sales partners concerned, the performance of 50 was below the 50 per cent net profit target and the remaining 3 were inactive. Similarly, 18 field offices, representing 36 per cent of the total field offices, achieved less than 40 per cent net profit target, while two field offices incurred losses of $191,443. The Board attributed the low performance to the following factors:

(a) Higher operational expenses, including higher freight charges owing to piecemeal and late orders. For example, 16 field offices incurred office expenses ranging between 28 and 76 per cent of gross proceeds above the approved limit of 25 per cent resulting in overexpenditure totalling $1.8 million;

(b) Overdelivery of promotional materials above the authorized limit of 4 per cent of gross sales. For example, in respect of National Committees and sales partners, the cost of excess publicity material was $1.2 million, with one National Committee alone accounting for $946,676 (78 per cent);

(c) Weak follow-up on the refund of duties and taxes under the privilege and immunities clause resulting in non-recovery of $2.3 million by sales partners.

90. The Board recommends that the Administration ensure that National Committees and field offices operate within the established limits. In addition, the Administration, in concert with the sales partners, should evolve new marketing strategies in order to boost the sales volume of the sales partners for desired profit targets to be achieved.

91. The Administration indicated that it was reviewing the recommendations of a task force established to review headquarters support to field offices, National Committees and sales partners to enhance efficiency in their operations. The Administration added that once the process was completed the recommendations of the task force would be implemented in 1998.

3. Cash accounting reports

92. The presentation of cash accounting reports of five out of eight National Committees did not conform to UNICEF prescribed format. The five National Committees omitted $1.45 million, being the total initial support funds advanced to them by the greeting card and related operations from the cash accounting reports for 1996–1997.

93. For purposes of uniformity and transparency, the Board recommends that the Administration ensure that all National Committees comply with the cash accounting reporting requirements. Also, the $1.45 million not accounted for by the five National Committees should be recovered from them.

4. Promotions and donations

94. In its 1994–1995 report on UNICEF, the Board of Auditors had expressed concern over the use of cards for sales promotion and donation purposes without the approval of the Property Survey Board.

95. The Board's audit of the greeting card and related operations Geneva office disclosed that of 5.4 million cards, 1.01 million (19 per cent) were used for sales promotion without the approval of the Property Survey Board. Promotional materials increase cost of cards sold and also have the potential effect of reducing the sales of the greeting card and related operations if not controlled.

96. The Administration informed the Board that it would obtain retrospective approval from the Property Survey Board for the cards used for sales promotion without prior approval.

97. The Board reiterates its recommendation that the Administration monitor the activities of the sales partners to ensure strict compliance with established sales promotion procedures.

E. Cases of fraud and presumptive fraud

98. During the biennium ended 31 December 1997, 54 cases of fraud and presumptive fraud were reported to the Board. Forty-two of the reported cases involved staff members: in 11 cases the perpetrators could not be identified and the remaining case involved a staff member from another United Nations organization.

99. The Board's analysis disclosed that in 30 cases the organization suffered losses totalling $777,342, and in 16 cases no financial losses were incurred by UNICEF. The Administration was not able to determine the financial losses involved in eight cases, one of which was still under investigation.

100. The Board noted that the Administration had recovered $6,833 out of $332,342 at 31 December 1997 and that an amount of $213,930 had not been recovered from staff members since they were no longer employed by UNICEF. The Administration considered that it would be successful in recovering the majority of these losses. Furthermore, the Board's audit revealed that the Administration had not determined responsibility in a fraud case in a field office involving falsification of records resulting in an estimated loss of $445,000.

101. The Board is concerned about the low recovery rate of the amounts involved in the fraud cases and recommends that the Administration step up the appropriate recovery actions. **The Board recommends that the Administration take appropriate steps to establish responsibility with a view to recovering the loss incurred by UNICEF as a result of fraudulently recording transactions in a field office in the amount of $445,000. Further, the Board reiterates its recommendation made in its report for the biennium ended 31 December 1995 that headquarters strengthen its monitoring of the operation of internal control systems in field offices through prompt and effective investigation of indications of mismanagement.**

F. Acknowledgment

102. The Board of Auditors wishes to express its appreciation for the cooperation and assistance extended to its staff by the Executive Director and staff of the United Nations Children's Fund.

(*Signed*) Vijay Krishna **Shunglu**
Comptroller and Auditor General of India

(*Signed*) Osei Tutu **Prempeh**
Auditor-General of Ghana

(*Signed*) Sir John **Bourn**
Comptroller and Auditor General of the United Kingdom
of Great Britain and Northern Ireland

15 July 1998

Annex

Follow-up on actions taken to implement the recommendations of the Board of Auditors in its report for the biennium ended 31 December 1995[a]

Recommendation 11 (a)

1. The policy of recording cash assistance to Governments as programme expenditure at the time the funds are advanced should be reviewed for consistency with the definition of programme expenditure in UNICEF financial regulations and programme management procedures.

Measures taken by the Administration

2. The Administration indicated that this recommendation was currently under review and involves not only accounting standards, but also the related programme policies and procedures as applied by UNICEF under its programmes of cooperation.

Comments of the Board

3. The Board noted the action proposed by UNICEF to regularize its financial regulations and other instructions on the matter and will continue to monitor the issue.

Recommendation 11 (b)

4. UNICEF should establish a reserve for its doubtful contributions receivable to ensure an accurate disclosure of its realizable assets.

Measures taken by the Administration

5. In response to the recommendation, UNICEF has created a reserve for outstanding contributions receivable amounting to $5 million, but this is yet to receive the approval of the Executive Board.

Comments of the Board

6. The recommendation has been implemented. The Board will continue to monitor the adequacy of the reserves in subsequent audits.

Recommendation 11 (c)

7. The declining liquidity of UNICEF suggests the need for a reversal of the deliberate strategy of setting expenditure levels higher than income.

[a] *Official Records of the General Assembly, Fifty-first Session, Supplement No. 5B* (A/51/5/Add.2), chap. II, para. 11.

Measures taken by the Administration

8. The Administration will review regularly the liquidity position of UNICEF to ensure availability of resources to meet commitments as they fall due. Further, the Administration will continue to monitor regularly expenditure levels so that appropriate action can be taken as may be required.

Comments of the Board

9. There was a reversal in the declining liquidity position even though the performance was not up to the accepted standard. The Board will keep this matter under review in its future audits.

Recommendation 11 (d)

10. Headquarters should strengthen its monitoring of the operation of internal control systems in field offices through prompt and effective investigation of indications of mismanagement.

Measures taken by the Administration

11. The Administration continues to be strongly committed to the improvement of internal control systems in all UNICEF offices. New tools for identifying risks and anticipating problems have been introduced to help managers to identify potential problems so that corrective action can be taken in the early stages. These include training sessions on control self-assessment. Regional management teams were established and have already begun strengthening systems for regional supervision of country programme management performance, reviewing and ensuring follow-up on audit and management reports and developing performance indicators for reporting by all offices. To support these initiatives the Office of Internal Audit has developed a database to track the implementation of audit recommendations. This is being made available to regional offices and headquarters divisions. When indications of mismanagement arise these are drawn to the attention of the Office of Internal Audit, which ensures that they are promptly and thoroughly investigated. The Administration will continue to support fully the efforts of the Office of Internal Audit to ensure that the necessary preventive/corrective actions are taken in response to the problems highlighted.

Comments of the Board

12. The Board will keep this matter under review.

Recommendation 11 (e)

13. Responsiveness to internal audit findings and recommendations may be further improved as follows:

(a) The Internal Audit Committee should promptly evaluate and resolve any disagreements over audit findings and establish a time-frame for the implementation of internal audit recommendations;

(b) Regional directors' reports on the implementation of internal audit recommendations should be presented in a uniform format and be monitored at headquarters by a designated officer.

Measures taken by the Administration

14. The Administration is now monitoring the implementation of internal audit recommendations in a more systematic and structured manner, using the database referred to above. The audited office, and offices other than the one subjected to the audit but which may also be required to take action on the recommendations, must provide updates on the status of the recommendations. The Office of Internal Audit then assesses the updates and provides the necessary feedback to the offices concerned. The process is completed only when implementation is deemed to be at a satisfactory level. The Office of Internal Audit has reported that many offices are making significant efforts to improve controls.

Comments of the Board

15. The Board will continue to monitor this issue in future audits.

Recommendation 11 (f)

16. UNICEF should improve further the accuracy of its income projections for unfunded supplementary programmes through more realistic budgeting and fund-raising strategies.

Measures taken by the Administration

17. The medium-term plan's income projections are the result of extensive interactions between the donor community and UNICEF. While there is a growing level of uncertainty in the current funding environment, the Administration continues to strive to improve the accuracy of supplementary fund income projections and assist field offices in the preparation of programmes for submission to potential donors for supplementary funding. The secretariat has also increased the frequency and rigour with which unfunded programmes are reviewed.

Comments of the Board

18. The Board will continue to monitor this matter in its future audits.

Recommendation 11 (g)

19. The procedures for allocating general resources to country programmes should be reviewed to enhance comparability of data, eligibility for assistance and the determination of cut-off and exit criteria.

Measures taken by the Administration

20. From 1995 to 1997, the Administration undertook a major review, of the procedure for allocating general resources ensuring extensive consultations with the field offices and members of the Executive Board. During the review, the Administration also considered the Board of Auditors' comments and recommendations. The Executive Board approved the modified general resources allocation system in June 1997 for implementation in 1999.

Comments of the Board

21. The recommendation has been implemented. The Board will review the new procedures for the allocation of general resources in future audits.

Recommendation 11 (h)

22. UNICEF should undertake collaborative studies into selected programme sectors to determine the level of achievement of the decade goals, sustainability of programmes and national capacity-building.

Measures taken by the Administration

23. UNICEF continues to undertake collaborative studies in the areas mentioned by the Board of Auditors. From 1994 to 1996, UNICEF, in collaboration with Governments and other partners, helped to organize special surveys initially to assess the achievement of the mid-decade goals in more than 60 countries where national reporting systems are not generating timely data. Follow-up on studies are still continuing in some of these countries to assess progress towards the goals for the decade.

24. The concern regarding sustainability of achievements was also covered in a workshop conducted in June 1995; discussions within an inter-agency working group and a collaborative study covering eight African countries took place in 1996 and 1997. Also, 40 studies were expected to be completed by October 1998.

25. Further, the Administration is currently working on a study on national capacity-building. This study will review the technical literature and current practices within UNICEF and developmental agencies for the purpose of developing and testing more effective methodologies and tools for the monitoring/evaluation of capacity-building. In addition, UNICEF is participating in the United Nations evaluation of capacity-building that is being carried out as part of the triennial policy review. A report on this will be prepared in the third quarter of 1998 for submission to the General Assembly at its fifty-third session.

Comments of the Board

26. The Board will continue to monitor this matter in its future audits.

Recommendation 11 (i)

27. Instead of using the exchange rates available at specific periods of time as the basis for forecasting budgetary requirements, UNICEF should consider adopting an appropriate averaging method to obtain more accurate projections.

Measures taken by the Administration

28. The Executive Boards of UNDP, UNFPA and UNICEF have approved a common methodology that will be followed by the three agencies in calculating their budgets. In line with this, UNICEF will use 1 April as the basis of currency adjustment in its normal submission of the biennial support budget for approval by the Executive Board in September of the second year of the biennium.

Comments of the Board

29. The effect of the new currency adjustment policy formulated under the harmonized budget format will be reviewed by the Board in its future audits.

Recommendation 11 (j)

30. In the design of the integrated budget system a clear link should be established between administrative costs and the costs of the country programme to achieve proper balance in resource allocations.

Measures taken by the Administration

31. To ensure that there is a clear link between the administrative costs and the costs of the country programme, the following procedures are now followed:

(a) A comprehensive review of the programme budget and support budget is made before the country programme recommendation is submitted to the Executive Board for approval;

(b) The information on the estimated support budget for the country programme cycle is also provided in the country programme recommendation;

(c) When preparing the biennium support budget proposals for consideration by the Executive Board, the programme budget information is similarly provided to serve as a basis for the examination of the relationships between them.

Comments of the Board

32. The principle of linking administrative costs to the cost of a country programme has been established under the integrated budgeting system. The Board will monitor actual budgetary performance based on the principle.

Recommendation 11 (k)

33. Further measures should be taken to improve sales forecasting and to reduce over-ordering of products in order to keep unsold stocks to the minimum.

Measures taken by the Administration

34. The Administration is improving its response time to National Committees with the shortening of the card production cycle. A demand forecasting model will be tested with some key markets and the National Committee will be encouraged to order more frequently based on more current and actual sales forecasts. These are expected to improve inventory management and forecasting.

Comments of the Board

35. Measures outlined by the Administration through its restructuring of the Private Sector Division of the greeting card and related operations, such as shortening of card production cycle and improved demand forecasting, will be reviewed in subsequent audits.

Chapter III

Audit opinion

We have audited the accompanying financial statements, comprising statements I to VIII, schedules 1 to 12, annexes I and II and the supporting notes of the United Nations Children's Fund for the financial period ended 31 December 1997. These financial statements are the responsibility of the Executive Director. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Common Auditing Standards of the Panel of External Auditors of the United Nations, specialized agencies and the International Atomic Energy Agency. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, and as considered by the auditor to be necessary in the circumstances, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Executive Director, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for the audit opinion.

In our opinion, the financial statements present fairly, in all respects, the financial position at 31 December 1997 and the results of operations and cash flows for the period then ended in accordance with the United Nations Children's Fund's stated accounting policies set out in note 2 to the financial statements, which were applied on a basis consistent with that of the preceding financial period.

Further, in our opinion, the transactions of the United Nations Children's Fund which we have tested as part of our audit, have in all significant respects been in accordance with the Financial Regulations and legislative authority.

In accordance with article XII of the Financial Regulations, we have also issued a long-form Report on our audit of the United Nations Children's Fund's financial statements.

(*Signed*) Vijay Krishna **Shunglu**
Comptroller and Auditor General of India

(*Signed*) Osei Tutu **Prempeh**
Auditor-General of Ghana

(*Signed*) Sir John **Bourn**
Comptroller and Auditor General
of the United Kingdom of Great Britain
and Northern Ireland

15 July 1998

Chapter IV

Financial statements for the biennium ended 31 December 1997

Statement I

Income and expenditures and changes in reserves and fund balances

for the biennium ended 31 December 1997

(Thousands of United States dollars)

		1996 - 1997				1994 - 1995
		General resources	Supplementary funds	Emergency relief & rehabilitation	Total	Total
INCOME						
Voluntary contributions						
Governments	(schedule 1)	722,249	300,842	178,357	1,201,448	1,313,359
Non-governments/private sector	(schedule 1)	1,998	233,693	38,348	274,039	340,350
Greeting Card and related Operations	(note 3)	310,670			310,670	245,408
Funds received under inter-organization arrangements	(schedule 1)		2,678	3,329	6,007	25,907
Other income						
Interest income	(schedule 2)	47,680			47,680	41,414
Miscellaneous income	(schedule 2)	41,967			41,967	35,298
Currency exchange adjustments		(26,261)	(7,010)	(2,487)	(35,758)	14,751
TOTAL INCOME		1,098,303	530,203	217,547	1,846,053	2,016,487
EXPENDITURE						
Programme assistance		571,866	531,411	253,154	1,356,431	1,604,057
Programme support	(statement VII)	303,503			303,503	207,865
Total programme cooperation		875,369	531,411	253,154	1,659,934	1,811,922
Management and administration	(statement VII)	174,621			174,621	190,868
TOTAL EXPENDITURES		1,049,990	531,411	253,154	1,834,555	2,002,790
EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE		48,313	(1,208)	(35,607)	11,498	13,697
Write-offs/prior periods' adjustments	(note 6)	2,745	11,507	6,809	21,061	19,099
Provision for uncollectible contributions receivable		5,000			5,000	
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURES		40,568	(12,715)	(42,416)	(14,563)	(5,402)
Reserve balances, 1 January a/		28,703			28,703	36,211
Increase in reserves		248			248	3,364
Fund balances, 1 January		131,910	288,548	132,491	552,949	558,351
RESERVES AND FUND BALANCES, 31 DECEMBER		201,429	275,833	90,075	567,337	592,524

The accompanying notes form an integral part of this statement and should be read in conjunction with it.

a/ In line with the practice in the United Nations system, the medical insurance plan previously included as part of the reserves is now included under liabilities. The comparative figures for 1995 have been modified accordingly.

(*Signed*) Ellen JAFFE
Comptroller

(*Signed*) Carol BELLAMY
Executive Director

Statement IA

Income and expenditures and changes in reserves and fund balances

for the years ended 31 December 1996 and 1997

(Thousands of United States dollars)

	General resources		Supplementary funds		Emergency relief & rehabilitation		Total	
	1997	1996	1997	1996	1997	1996	1997	1996
INCOME								
Voluntary contributions								
Governments	357,895	364,354	138,897	161,945	97,764	80,593	594,556	606,892
Non-governments/private sector	1,569	429	107,829	125,864	14,811	23,537	124,209	149,830
Greeting Card and related Operations	160,249	150,421					160,249	150,421
Funds received under inter-organization arrangements			1,518	1,160	984	2,345	2,502	3,505
Other income								
Interest income	25,505	22,175					25,505	22,175
Miscellaneous income	17,888	24,079					17,888	24,079
Currency exchange adjustments	(16,126)	(10,135)	(5,256)	(1,754)	(1,593)	(894)	(22,975)	(12,783)
TOTAL INCOME	546,980	551,323	242,988	287,215	111,966	105,581	901,934	944,119
EXPENDITURE								
Programme assistance	283,734	288,132	259,739	271,672	129,212	123,942	672,685	683,746
Programme support	149,601	153,902					149,601	153,902
Total programme cooperation	433,335	442,034	259,739	271,672	129,212	123,942	822,286	837,648
Management and administration	91,162	83,459					91,162	83,459
TOTAL EXPENDITURE	524,497	525,493	259,739	271,672	129,212	123,942	913,448	921,107
EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	22,483	25,830	(16,751)	15,543	(17,246)	(18,361)	(11,514)	23,012
Write-offs/prior periods' adjustments	930	1,815	3,387	8,120	2,001	4,808	6,318	14,743
Provision for uncollectible contributions receivable	5,000						5,000	
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURES	16,553	24,015	(20,138)	7,423	(19,247)	(23,169)	(22,832)	8,269
Reserve balances, 1 January a/	28,771	28,703					28,771	28,703
Increase in reserves	180	68					180	68
Fund balances, 1 January	155,925	131,910	295,971	288,548	109,322	132,491	561,218	552,949
RESERVES AND FUND BALANCES, 31 DECEMBER	201,429	184,696	275,833	295,971	90,075	109,322	567,337	589,989

a/ In line with the practice in the United Nations system, the medical insurance plan previously included as part of the reserves is now included under liabilities. The comparative figures for 1995 have been modified accordingly.

Statement II

Assets, liabilities, reserves and fund balances

at 31 December 1997

(Thousands of United States dollars)

		1997	1995
ASSETS			
Cash and term deposits			
Convertible currencies	(schedule 3)	410,324	410,604
Non-convertible currencies	(schedule 3)	6,427	13,289
Accounts receivable			
Contributions receivable	(schedule 4)	156,376	195,235
Less: Provision for uncollectible contributions receivable	(note 7)	(5,000)	
Net contributions receivable		151,376	195,235
Other	(schedule 6)	172,905	159,471
Inventories	(schedule 7)	24,583	46,043
Buildings and equipment	(note 8)	13,131	12,912
TOTAL ASSETS		778,746	837,554
LIABILITIES			
Contributions received in advance	(schedule 8)	1,231	5,528
Unliquidated obligations	(schedule 9)	116,619	105,342
Accounts payable	(schedule 9)	29,151	36,428
Other funds and special accounts	(schedule 10)	49,506	97,732
Medical insurance plans a/		14,902	10,872
TOTAL LIABILITIES		211,409	255,902
RESERVES AND FUND BALANCES			
Reserves			
For procurement services - staff and related costs	(schedule 11)	2,000	2,000
For insurance	(note 9)	131	131
For capital assets	(note 2)	26,820	26,572
Total reserves		28,951	28,703
Fund balances			
General resources		172,478	131,910
Supplementary funds		275,833	288,548
Emergency relief and rehabilitation		90,075	132,491
Total fund balances		538,386	552,949
TOTAL RESERVES AND FUND BALANCES		567,337	581,652
TOTAL LIABILITIES, RESERVES AND FUND BALANCES		778,746	837,554

The accompanying notes form an integral part of this statement and should be read in conjunction with it.

a/ In line with the practice in the United Nations system, the medical insurance plan previously shown under reserves is now shown under liabilities. The comparative figures for 1995 have been modified accordingly.

(*Signed*) Ellen YASHEF
Comptroller

(*Signed*) Carol BELLAMY
Executive Director

Statement III

Cash flows

for the biennium ended 31 December 1997

(Thousands of United States dollars)

	1997	1995	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net (shortfall) of income over expenditure (statement I)	(14,563)	(5,402)	
Decrease in contributions receivable	38,860	25,301	
Increase in provision for uncollectible contributions receivable	5,000		
(Increase) in other accounts receivable	(13,434)	(3,198)	
(Increase) decrease in other assets	21,459	(1,125)	
(Decrease) in contributions received in advance	(4,297)	(69,457)	
Increase (decrease) in accounts payable	(3,189)	16,502	a/
Increase in unliquidated obligations	11,276	5,894	
(Decrease) in other liabilities	(58)	(10,472)	
Increase (decrease) in balances on funds and special accounts	(48,225)	20,343	
Less: Interest income	(48)	(41)	b/
NET CASH FROM OPERATING ACTIVITIES	(7,219)	(21,655)	
CASH FLOW FROM INVESTING AND FINANCING ACTIVITIES			
Plus: Interest income	48	41	b/
NET CASH FROM INVESTING AND FINANCING ACTIVITIES	48	41	
CASH FLOWS FROM OTHER SOURCES:			
(Increase) in land and buildings	(219)	(3,031)	
Increases (decrease) in reserves/other funds	248	(39)	a/
NET CASH FROM OTHER SOURCES	29	(3,070)	
NET INCREASE (DECREASE) IN CASH AND TERM DEPOSITS	(7,142)	(24,684)	
CASH AND TERM DEPOSITS, 1 JANUARY	423,893	448,577	
CASH AND TERM DEPOSITS, 31 DECEMBER	416,751	423,893	

a/ In line with the practice in the United Nations system, the medical insurance plan previously shown under reserves is now shown under liabilities. The comparative figures for 1995 have been modified accordingly.

b/ The comparative figures for 1995 have been modified accordingly.

Statement IV

Liquidity position

at 31 December 1997

(Thousands of United States dollars)

	1997	1995
1. The computation of the UNICEF liquidity position takes into consideration the following short-term assets and liabilities: a/		
Short-term assets		
Cash holdings b/	367,244	326,161
Contribution receivable for current and prior years	151,376	195,235
Accounts receivable advances and deposits	172,905	159,471
Inventories	24,583	46,042
Total short-term assets	716,108	726,909
Short-term liabilities		
Contributions for following years received in advance	1,231	5,528
Accounts payable and other unliquidated obligations	145,770	141,770
Medical insurance plan c/	14,902	10,872
	161,903	158,170
Supplementary fund commitments	275,833	288,548
Emergency fund commitments	90,075	132,491
Total short-term liabilities	527,811	579,209
2. Change in UNICEF liquidity between 31 December 1997 and 31 December 1995		
Short-term assets	716,108	726,909
Short-term liabilities	527,811	579,209
	188,297	147,700
Increase in liquidity as at 31 December 1997	40,597	
3. Liquidity ratio		
Short-term assets	716,108	726,909
Short-term liabilities	527,811	579,209
Ratio	1.36:1	1.26:1

a/ UNICEF liquidity policy recommends a year-end general resources convertible cash balance equal to at least 10 per cent of projected general resources income.

b/ Excludes cash held in special accounts of $49,506,094 in 1997.

c/ In line with the practice in the United Nations system, the medical insurance plan previously shown under reserves is now shown under liabilities. The comparative figures for 1995 have been modified accordingly.

Statement V

Status of funding for approved general resources, supplementary funds and emergency relief and rehabilitation

at 31 December 1997

(Thousands of United States dollars)

	General resources	Supplementary funds	Emergency relief and rehabilitation	Total
Unspent balances of programmes as at 1 January 1996	1,349,538	404,512	132,933	1,886,983
Approved at the Executive Board sessions a/				
New programmes	914,485			914,485
Made between Executive Board sessions b/	17,628	505,331	216,655	739,614
Write-off of pledges		(11,507)	(6,809)	(18,316)
Programme cancellations c/	(211,142)	(2)		(211,144)
Savings of 1996-1997 budget	(32,481)			(32,481)
Recovery from packing and assembly activities	(6,639)			(6,639)
Subtotal	2,031,389	898,334	342,779	3,272,502
Expenditures	1,049,990	531,411	253,154	1,834,555
Unspent balances of programmes as at 31 December 1997	981,399	366,923	89,625	1,437,947
Fund balance as at 31 December 1997	172,478	275,833	90,075	538,386
Translation adjustment, 1987-1993		2,754	(914)	1,840
Subtotal	172,478	278,587	89,161	540,226
To be financed from future income	808,921	88,336	464	897,721

a/ E/ICEF/1996/P/L.43, E/ICEF/1996/P/L.43/Add.2, E/ICEF/1995/9/Rev.1 (decisions 1995/9, 1995/16, 1995/30, 1995/31, 1995/32), E/ICEF/1996/AB/L.5, E/ICEF/1996/12/Rev. 1 (decision 1996/29), E/ICEF/1997/1997/P/L.18, E/ICEF/1997/AB/L.5 and E/ICEF/1997/12/Rev. 1 (decisions 1997/4, 1997/12, 1997/22, 1997/25).

b/ 1996 and 1997 programme budget allotments arising from Greeting Card and related Operations (GCO) income.

c/ General resources programme cancellations of $ 211,142,000 represent unspent balances in the amounts approved by the Executive Board for various programme recommendations which expired in 1995, 1996 and 1997.

Statement VI

Programme cooperation: statement of approved programmes, expenditures and unspent balances for general resources, supplementary funds and emergency relief and rehabilitation

for the biennium ended 31 December 1997

(United States dollars)

Area and country assistance	Approved programmes unspent balances as at January 1996	New programmes and cancellations	Total programmes	Total expenditures	Approved programmes unspent balances as at 31 December 1997
AFRICA					
Angola	14,262,359	27,452,783	41,715,142	30,160,325	11,554,817
Benin	5,977,475	3,550,633	9,528,108	4,769,968	4,758,140
Botswana	4,346,059	1,815,307	6,161,366	1,811,392	4,349,974
Burkina Faso	18,885,491	3,700,397	22,585,888	8,103,547	14,482,341
Burundi	5,865,463	8,004,738	13,870,201	10,520,657	3,349,544
Cameroon	4,590,195	7,266,777	11,856,972	2,964,119	8,892,853
Cape Verde	3,291,476	826,451	4,117,927	1,740,200	2,377,727
Central African Republic	2,693,074	5,510,778	8,203,852	2,924,337	5,279,515
Chad	11,459,744	3,394,632	14,854,376	6,791,620	8,062,756
Comoros	745,506	3,715,389	4,460,895	1,252,821	3,208,074
Congo	1,704,453	2,132,874	3,837,327	2,047,066	1,790,261
Côte d'Ivoire	1,942,807	11,795,209	13,738,016	4,805,803	8,932,213
Democratic Republic of the Congo	15,635,937	23,586,198	39,222,135	19,178,186	20,043,949
Equatorial Guinea	2,753,033	608,829	3,361,862	1,970,276	1,391,586
Eritrea	24,113,510	2,948,704	27,062,214	14,858,916	12,203,298
Ethiopia	66,476,461	10,056,297	76,532,758	29,800,214	46,732,544
Gabon	1,820,297	2,875,202	4,695,499	1,270,001	3,425,498
Gambia	2,137,984	2,745,259	4,883,243	2,961,731	1,921,512
Ghana	20,146,514	6,917,185	27,063,699	11,741,601	15,322,098
Guinea	3,786,328	10,021,013	13,807,341	5,982,558	7,824,783
Guinea-Bissau	4,328,021	6,758,663	11,086,684	4,205,967	6,880,717
Kenya	19,003,992	2,252,263	21,256,255	11,414,037	9,842,218
Lesotho	2,172,679	4,658,205	6,830,884	2,307,706	4,523,178
Liberia	8,903,700	18,039,390	26,943,090	13,253,749	13,689,341
Madagascar	17,622,505	3,277,240	20,899,745	8,756,436	12,143,309
Malawi	7,984,080	22,309,947	30,294,027	13,301,350	16,992,677
Mali	10,802,334	23,131,996	33,934,330	11,940,211	21,994,119
Mauritania	4,132,385	4,000,703	8,133,088	4,724,326	3,408,762
Mauritius	3,858,431	(32,751)	3,825,680	1,196,274	2,629,406
Mozambique	43,851,139	4,108,201	47,959,340	24,617,679	23,341,661
Namibia	5,000,615	8,817,581	13,818,196	6,228,229	7,589,967
Niger	15,125,342	2,084,944	17,210,286	8,883,661	8,326,625
Nigeria	24,442,891	59,508,009	83,950,900	25,050,270	58,900,630

Area and country assistance	Approved programmes unspent balances as at January 1996	New programmes and cancellations	Total programmes	Total expenditures	Approved programmes unspent balances as at 31 December 1997
Rwanda	31,830,312	19,543,661	51,373,973	37,601,069	13,772,904
Sao Tome and Principe	1,255,320	3,392,244	4,647,564	1,557,759	3,089,805
Senegal	8,072,908	6,700,851	14,773,759	8,537,633	6,236,126
Sierra Leone	5,588,146	7,917,842	13,505,988	6,404,972	7,101,016
Somalia	17,952,869	19,708,473	37,661,342	26,612,746	11,048,596
South Africa	2,689,133	7,894,951	10,584,084	4,261,640	6,322,444
Swaziland	4,078,742	737,832	4,816,574	1,460,011	3,356,563
Togo	2,249,891	5,553,734	7,803,625	2,937,712	4,865,913
Uganda	44,754,248	29,140,380	73,894,628	29,828,853	44,065,775
United Republic of Tanzania	13,287,065	37,291,540	50,578,605	19,811,766	30,766,839
Zambia	10,322,364	17,961,501	28,283,865	15,103,831	13,180,034
Zimbabwe	18,635,798	6,661,148	25,296,946	10,016,154	15,280,792
Regional	1,102,053	31,313,734	32,415,787	22,548,723	9,867,064
Area total	541,681,129	491,656,937	1,033,338,066	488,218,102	545,119,964
THE AMERICAS AND THE CARIBBEAN					
Argentina	3,122,967	9,493,791	12,616,758	6,391,768	6,224,990
Belize	688,056	3,703,826	4,391,882	1,254,311	3,137,571
Bolivia	8,582,280	11,414,084	19,996,364	12,659,838	7,336,526
Brazil	21,128,912	34,698,838	55,827,750	40,826,580	15,001,170
Chile	981,720	4,861,337	5,843,057	1,543,011	4,300,046
Colombia	4,508,101	2,838,839	7,346,940	4,318,296	3,028,644
Costa Rica	818,694	3,865,870	4,684,564	1,387,611	3,296,953
Cuba	2,763,502	7,274,425	10,037,927	4,747,699	5,290,228
Dominica	7,590		7,590		7,590
Dominican Republic	848,589	6,514,491	7,363,080	2,422,586	4,940,494
Ecuador	6,826,691	2,824,358	9,651,049	5,416,143	4,234,906
El Salvador	1,595,628	7,561,036	9,156,664	1,892,795	7,263,869
Guatemala	1,611,618	12,291,308	13,902,926	3,429,370	10,473,556
Guyana	3,401,726	86,923	3,488,649	1,744,583	1,744,066
Haiti	10,850,917	8,097,342	18,948,259	12,852,540	6,095,719
Honduras	1,410,888	7,440,486	8,851,374	2,997,573	5,853,801
Jamaica	1,682,264	4,534,995	6,217,259	2,408,701	3,808,558
Mexico	5,302,167	8,874,659	14,176,826	8,700,277	5,476,549
Nicaragua	2,525,500	13,446,955	15,972,455	4,071,931	11,900,524

Area and country assistance	Approved programmes unspent balances as at January 1996	New programmes and cancellations	Total programmes	Total expenditures	Approved programmes unspent balances as at 31 December 1997
Panama	649,236	4,265,745	4,914,981	1,249,454	3,665,527
Paraguay	4,503,836	1,106,829	5,610,665	2,169,923	3,440,742
Peru	2,429,230	12,467,657	14,896,887	10,464,280	4,432,607
Uruguay	1,354,500	3,679,352	5,033,852	1,538,781	3,495,071
Venezuela	620,966	6,473,503	7,094,469	2,087,029	5,007,440
Regional	16,821,405	10,153,626	26,975,031	18,571,824	8,403,207
Area total	105,036,983	187,970,275	293,007,258	155,146,904	137,860,354
EAST ASIA AND THE PACIFIC					
Cambodia	6,240,839	34,018,805	40,259,644	19,929,734	20,329,910
China	105,106,978	1,536,065	106,643,043	36,185,127	70,457,916
Democratic People's Republic of Korea	4,184,747	16,168,505	20,353,252	9,716,564	10,636,688
Indonesia	73,555,519	3,413,607	76,969,126	23,614,652	53,354,474
Lao People's Democratic Republic	5,502,822	7,922,406	13,425,228	6,819,345	6,605,883
Malaysia	806,787	2,949,772	3,756,559	1,378,866	2,377,693
Mongolia	1,117,191	4,024,111	5,141,302	1,386,980	3,754,322
Myanmar	34,485,739	3,356,192	37,841,931	14,816,834	23,025,097
Pacific island countries	2,699,935	8,009,802	10,709,737	3,785,096	6,924,641
Papua New Guinea	2,099,186	4,243,902	6,343,088	1,742,591	4,600,497
Philippines	27,514,406	3,885,610	31,400,016	16,250,657	15,149,359
Republic of Korea	23,430		23,430		23,430
Thailand	6,880,543	4,497,669	11,378,212	5,240,999	6,137,213
Viet Nam	49,054,789	9,503,215	58,558,004	21,146,929	37,411,075
Area total	319,272,911	103,529,661	422,802,572	162,014,374	260,788,198
SOUTH ASIA					
Afghanistan	26,853,437	9,722,048	36,575,485	18,718,400	17,857,085
Bangladesh	107,995,545	12,332,051	120,327,596	42,507,613	77,819,983
Bhutan	2,510,885	6,295,048	8,805,933	3,740,968	5,064,965
India	97,412,044	92,234,030	189,646,074	107,484,405	82,161,669
Maldives	2,391,430	(2,099)	2,389,331	1,403,974	985,357
Nepal	11,584,416	24,684,206	36,268,622	15,605,088	20,663,534

Area and country assistance	Approved programmes unspent balances as at January 1996	New programmes and cancellations	Total programmes	Total expenditures	Approved programmes unspent balances as at 31 December 1997
Pakistan	25,356,558	12,635,292	37,991,850	21,077,538	16,914,312
Sri Lanka	4,684,887	9,837,529	14,522,416	9,158,481	5,363,935
Area total	278,789,202	167,738,105	446,527,307	219,696,467	226,830,840
MIDDLE EAST AND NORTH AFRICA					
Algeria	3,670,542	1,980,815	5,651,357	1,719,208	3,932,149
Djibouti	2,411,392	938,382	3,349,774	1,944,244	1,405,530
Egypt	27,176,867	7,804,606	34,981,473	10,846,445	24,135,028
Iran (Islamic Republic of)	2,370,733	3,180,814	5,551,547	2,782,818	2,768,729
Iraq	19,414,021	28,702,143	48,116,164	33,791,939	14,324,225
Jordan	3,054,961	4,299,817	7,354,778	2,524,243	4,830,535
Kuwait	102,147	(60,125)	42,022		42,022
Lebanon	1,327,617	6,751,258	8,078,875	3,972,871	4,106,004
Morocco	3,277,770	7,548,371	10,826,141	4,223,493	6,602,648
Oman	1,381,835	3,377,368	4,759,203	1,506,951	3,252,252
Palestinian children and mothers	8,678,274	7,133,648	15,811,922	7,781,669	8,030,253
Sudan	25,420,903	57,888,179	83,309,082	56,401,727	26,907,355
Syrian Arab Republic	5,199,283	(113,954)	5,085,329	1,588,386	3,496,943
Tunisia	1,029,291	6,295,573	7,324,864	1,990,164	5,334,700
Yemen	8,934,209	1,681,471	10,615,680	5,942,862	4,672,818
Regional	18,460	55,038	73,498		73,498
Area total	113,468,305	137,463,404	250,931,709	137,017,020	113,914,689
CENTRAL AND EASTERN EUROPE, THE COMMONWEALTH OF INDEPENDENT STATES AND THE BALTIC STATES					
Albania	2,033,654	7,162,754	9,196,408	4,388,505	4,807,903
Armenia	5,317,724	1,403,264	6,720,988	3,358,154	3,362,834
Azerbaijan	5,322,805	2,953,765	8,276,570	5,196,508	3,080,062
Belarus	62,428		62,428	53,580	8,848
Bosnia and Herzegovina	7,280,200	16,724,667	24,004,867	18,952,621	5,052,246
Bulgaria	548		548		548
Croatia	2,400,203	4,320,874	6,721,077	5,924,029	797,048
Federal Republic of Yugoslavia	2,169,086	3,942,107	6,111,193	5,484,179	627,014
Georgia	1,205,816	6,795,571	8,001,387	3,992,181	4,009,206

Area and country assistance	Approved programmes unspent balances as at January 1996	New programmes and cancellations	Total programmes	Total expenditures	Approved programmes unspent balances as at 31 December 1997
Kazakhstan	5,689,239	1,061,567	6,750,806	3,317,021	3,433,785
Kyrgyzstan	4,621,413	451,461	5,072,874	2,294,889	2,777,985
Latvia	16,546		16,546	15,304	1,242
Republic of Moldova	1,024,958	3,418,736	4,443,694	1,277,240	3,166,454
Romania	5,570,331	664,978	6,235,309	3,558,030	2,677,279
Russian Federation	132,885	465,422	598,307	157,962	440,345
Tajikistan	6,465,650	2,411,767	8,877,417	4,776,634	4,100,783
The former Yugoslav Republic of Macedonia	1,358,399	3,090,545	4,448,944	3,188,209	1,260,735
Turkey	3,681,253	3,598,801	7,280,054	3,111,432	4,168,622
Turkmenistan	4,887,284	457,124	5,344,408	2,402,991	2,941,417
Ukraine	653,899		653,899	434,932	218,967
Union of Soviet Socialist Republics (former)	28,099	(212)	27,887	27,852	35
Uzbekistan	7,590,902	792,765	8,383,667	4,741,924	3,641,743
Yugoslavia (former)	3,138,679	(170,485)	2,968,194	2,460,973	507,221
Yugoslavia (former) (new area programme from 1994)	(451,633)	162,234	(289,399)	(289,971)	572
Regional	3,950,994	6,130,000	10,080,994	1,714,133	8,366,861
Area total	74,151,362	65,837,705	139,989,067	80,539,312	59,449,755
GLOBAL ASSISTANCE					
Interregional Fund for Programme Preparation, Promotion and Evaluation	11,366,400	(11,746,815)	(380,415)	(380,415)	
Regional funds	36,200,436	4,924,805	41,125,241	27,733,010	13,392,231
Programme Funds for the 1990s Goals	72,338,275	36,811,111	109,149,386	80,640,031	28,509,355
Emergency Programme Fund a/	29,818,451	(5,344,034)	24,474,417	1,413,742	23,060,675
International Child Development Centre	3,186,661	8,175,835	11,362,496	4,342,305	7,020,191
Maurice Pate Memorial Fund		50,000	50,000	50,000	
Total global assistance	152,910,223	32,870,902	185,781,125	113,798,673	71,982,452
TOTAL PROGRAMME ASSISTANCE	1,585,310,115	1,187,066,989	2,772,377,104	1,356,430,852	1,415,946,252

Area and country assistance		Approved programmes unspent balances as at January 1996	New programmes and cancellations	Total programmes	Total expenditures	Approved programmes unspent balances as at 31 December 1997
Programme support	b/	162,924,550	161,768,629	324,693,179	310,142,441	14,550,738
Management and administration	b/	138,748,343	43,322,004	182,070,347	174,621,085	7,449,262
Recovery from packing and assembly activities			(6,638,994)	(6,638,994)	(6,638,994)	
TOTAL BUDGET		301,672,893	198,451,639	500,124,532	478,124,532	22,000,000
TOTAL COOPERATION		1,886,983,008	1,385,518,628	3,272,501,636	1,834,555,384	1,437,946,252

a/ In 1996, the Executive Director made a total allocation of $1,390,394 from the Emergency Programme Fund (EPF) as follows: $40,291 to Guyana; $843,309 to Burundi; $350,000 to the Niger; $129,794 to Nigeria; and $27,000 to Zimbabwe.

In 1997, the Executive Director made a total allocation of $888,739 from EPF as follows: $100,000 to the United Nations security programme; $66,859 to the Islamic Republic of Iran; $41,500 to the Eastern and Southern Africa Regional Office (ESARO), $100,000 to children in difficult circumstances; $250,000 to the Congo; $55,000 to Guinea-Bissau; and $275,380 to Somalia.

b/ An interim one-month budget allocation for January 1998 in the amount of $22,000,000 was approved by the Executive Board at its September 1997 session (E/ICEF/1997/12/Rev.1, decision 1997/25) pending approval of the biennial support budget for 1998-1999 at its January 1998 session (E/ICEF/1998/6 (Part I), decisions 1998/2, 1998/3 and 1998/4).

Statement VI-1

Programme cooperation: statement of approved programmes, expenditures and unspent balances for general resources

for the biennium ended 31 December 1997

(United States dollars)

Area and country assistance	Approved programmes unspent balances as at 1 January 1996	New programmes and cancellations	Total programmes	Total expenditures	Approved programmes unspent balances as at 31 December 1997
AFRICA					
Angola	3,958,365	4,427,403	8,385,768	5,066,272	3,319,496
Benin	3,375,098	13,354	3,388,452	1,673,618	1,714,834
Botswana	4,346,059	(7,010)	4,339,049	1,449,719	2,889,330
Burkina Faso	14,616,495	(616,495)	14,000,000	3,594,438	10,405,562
Burundi	2,808,385	2,985,711	5,794,096	3,387,039	2,407,057
Cameroon	3,350,149	5,971,683	9,321,832	1,888,774	7,433,058
Cape Verde	2,988,517		2,988,517	1,200,727	1,787,790
Central African Republic	2,284,748	3,744,101	6,028,849	1,938,570	4,090,279
Chad	8,740,121	(237,138)	8,502,983	2,905,960	5,597,023
Comoros	735,322	3,605,010	4,340,332	1,188,114	3,152,218
Congo	1,546,499	1,254,586	2,801,085	1,655,587	1,145,498
Côte d'Ivoire	1,762,702	11,330,225	13,092,927	4,392,433	8,700,494
Democratic Republic of the Congo	14,603,184	16,018,775	30,621,959	13,680,195	16,941,764
Equatorial Guinea	2,398,777	(1,207)	2,397,570	1,327,940	1,069,630
Eritrea	8,826,973	(1,452,826)	7,374,147	2,138,363	5,235,784
Ethiopia	54,562,444	(28,252)	54,534,192	20,992,165	33,542,027
Gabon	1,658,408	2,635,943	4,294,351	1,033,038	3,261,313
Gambia	792,608	1,361,508	2,154,116	1,222,962	931,154
Ghana	15,665,596	(665,596)	15,000,000	4,559,273	10,440,727
Guinea	1,886,365	7,110,905	8,997,270	3,150,686	5,846,584
Guinea-Bissau	1,829,130	4,500,000	6,329,130	1,754,973	4,574,157
Kenya	14,483,261	(20,649)	14,462,612	8,278,758	6,183,854
Lesotho	1,135,858	4,558,716	5,694,574	1,544,334	4,150,240
Liberia	1,155,202	1,866,767	3,021,969	1,620,477	1,401,492
Madagascar	16,032,584	(162,310)	15,870,274	4,985,308	10,884,966
Malawi	3,947,103	13,933,479	17,880,582	5,837,624	12,042,958
Mali	8,893,777	16,593,959	25,487,736	6,608,402	18,879,334
Mauritania	2,366,018	(4,772)	2,361,246	1,835,013	526,233
Mauritius	3,858,431	(37,907)	3,820,524	1,193,149	2,627,375
Mozambique	27,878,364	155,928	28,034,292	15,303,880	12,730,412
Namibia	1,357,786	5,000,000	6,357,786	1,485,002	4,872,784
Niger	9,591,011		9,591,011	5,302,910	4,288,101
Nigeria	22,605,689	58,406,717	81,012,406	24,509,971	56,502,435
Rwanda	3,512,422	4,860,000	8,372,422	2,899,690	5,472,732
Sao Tome and Principe	1,107,096	3,392,904	4,500,000	1,427,001	3,072,999

Area and country assistance	Approved programmes unspent balances as at 1 January 1996	New programmes and cancellations	Total programmes	Total expenditures	Approved programmes unspent balances as at 31 December 1997
Senegal	2,672,274	3,900,622	6,572,896	2,540,328	4,032,568
Sierra Leone	3,826,580	2,703,105	6,529,685	3,069,471	3,460,214
Somalia	3,046,874	4,994,915	8,041,789	5,719,933	2,321,856
South Africa	2,158,360	4,542,553	6,700,913	2,669,099	4,031,814
Swaziland	3,746,201	(8,140)	3,738,061	1,081,326	2,656,735
Togo	1,179,704	4,649,214	5,828,918	1,639,901	4,189,017
Uganda	28,739,342	50,993	28,790,335	9,575,800	19,214,535
United Republic of Tanzania	9,783,066	27,865,451	37,648,517	12,274,683	25,373,834
Zambia	1,589,380	11,004,730	12,594,110	4,389,801	8,204,309
Zimbabwe	7,381,948	(54,663)	7,327,285	2,218,302	5,108,983
Area total	335,384,276	229,542,292	564,926,568	208,211,009	356,715,559
THE AMERICAS AND THE CARIBBEAN					
Argentina	1,191,511	4,911,034	6,102,545	1,887,156	4,215,389
Belize	688,056	3,648,496	4,336,552	1,200,849	3,135,703
Bolivia	2,479,436	4,551,377	7,030,813	2,030,530	5,000,283
Brazil	9,445,137	7,626,998	17,072,135	7,816,678	9,255,457
Chile	980,495	4,815,167	5,795,662	1,519,781	4,275,881
Colombia	3,365,268	696,230	4,061,498	2,615,734	1,445,764
Costa Rica	818,694	3,587,192	4,405,886	1,259,496	3,146,390
Cuba	1,118,952	4,854,164	5,973,116	1,711,729	4,261,387
Dominican Republic	848,589	5,170,796	6,019,385	1,819,169	4,200,216
Ecuador	3,030,010	412,178	3,442,188	1,980,670	1,461,518
El Salvador	1,363,512	4,483,852	5,847,364	1,568,560	4,278,804
Guatemala	886,396	4,962,286	5,848,682	1,663,193	4,185,489
Guyana	3,071,267		3,071,267	1,519,520	1,551,747
Haiti	3,603,900	2,753,557	6,357,457	2,903,799	3,453,658
Honduras	182,723	4,694,156	4,876,879	1,598,611	3,278,268
Jamaica	914,173	3,407,591	4,321,764	1,141,584	3,180,180
Mexico	50,871	6,634,380	6,685,251	2,463,250	4,222,001
Nicaragua	1,041,602	4,808,201	5,849,803	1,650,419	4,199,384
Panama	649,236	3,768,401	4,417,637	1,224,963	3,192,674
Paraguay	4,397,658	62,450	4,460,108	1,873,905	2,586,203
Peru	(85,131)	5,983,626	5,898,495	2,773,201	3,125,294
Uruguay	1,252,873	3,472,285	4,725,158	1,339,459	3,385,699
Venezuela	223,457	5,909,599	6,133,056	1,703,510	4,429,546
Regional	1,913,315	6,127,839	8,041,154	1,896,725	6,144,429
Area total	43,432,000	97,341,855	140,773,855	49,162,491	91,611,364

Area and country assistance	Approved programmes unspent balances as at 1 January 1996	New programmes and cancellations	Total programmes	Total expenditures	Approved programmes unspent balances as at 31 December 1997
EAST ASIA AND THE PACIFIC					
Cambodia	934,971	10,634,989	11,569,960	5,027,268	6,542,692
China	103,539,976	111,429	103,651,405	35,353,394	68,298,011
Democratic People's Republic of Korea	3,371,551		3,371,551	1,760,553	1,610,998
Indonesia	61,942,544	434,033	62,376,577	16,972,147	45,404,430
Lao People's Democratic Republic	1,534,717	5,828,632	7,363,349	2,072,964	5,290,385
Malaysia	806,786	2,949,773	3,756,559	1,378,866	2,377,693
Mongolia	952,815	3,401,299	4,354,114	1,009,367	3,344,747
Myanmar	32,932,865	(355,863)	32,577,002	10,434,707	22,142,295
Papua New Guinea	2,017,537	4,246,641	6,264,178	1,665,070	4,599,108
Philippines	13,377,615	538,660	13,916,275	6,333,372	7,582,903
Thailand	6,302,339	331,742	6,634,081	2,918,436	3,715,645
Viet Nam	45,837,922	(1,846,714)	43,991,208	13,222,258	30,768,950
Pacific island countries	1,573,592	6,531,986	8,105,578	2,167,037	5,938,541
Area total	275,125,230	32,606,607	307,931,837	100,315,439	207,616,398
SOUTH ASIA					
Afghanistan	24,566,357	(566,357)	24,000,000	9,939,960	14,060,040
Bangladesh	93,145,532	(5,140,206)	88,005,326	29,004,518	59,000,808
Bhutan	1,260,616	5,130,114	6,390,730	2,108,258	4,282,472
India	24,737,748	81,854,317	106,592,065	60,947,442	45,644,623
Maldives	2,240,349		2,240,349	1,254,992	985,357
Nepal	6,069,501	16,381,690	22,451,191	7,241,787	15,209,404
Pakistan	22,493,461	11,647,571	34,141,032	19,025,219	15,115,813
Sri Lanka	1,052,352	5,106,293	6,158,645	2,005,180	4,153,465
Area total	175,565,916	114,413,422	289,979,338	131,527,356	158,451,982
MIDDLE EAST AND NORTH AFRICA					
Algeria	3,076,480	1,715,772	4,792,252	1,186,692	3,605,560
Djibouti	2,316,993	(10,513)	2,306,480	1,229,300	1,077,180
Egypt	25,369,709	63,913	25,433,622	7,199,420	18,234,202
Iran (Islamic Republic of)	2,366,335	3,110,628	5,476,963	2,708,235	2,768,728

Area and country assistance	Approved programmes unspent balances as at 1 January 1996	New programmes and cancellations	Total programmes	Total expenditures	Approved programmes unspent balances as at 31 December 1997
Iraq	1,639,834	1,699,490	3,339,324	1,770,537	1,568,787
Jordan	2,230,255	4,317,388	6,547,643	1,730,271	4,817,372
Lebanon	756,899	5,381,728	6,138,627	2,430,086	3,708,541
Morocco	2,851,054	6,709,831	9,560,885	3,354,714	6,206,171
Oman	1,378,636	3,377,368	4,756,004	1,505,684	3,250,320
Palestinian children and mothers	3,971,584	4,692,323	8,663,907	3,470,352	5,193,555
Sudan	6,208,722	19,820,351	26,029,073	11,580,759	14,448,314
Syrian Arab Republic	5,199,283	(119,605)	5,079,678	1,582,735	3,496,943
Tunisia	1,009,571	5,104,819	6,114,390	1,771,779	4,342,611
Yemen	7,573,688	21,992	7,595,680	4,559,701	3,035,979
Regional		73,102	73,102		73,102
Area total	65,949,043	55,958,587	121,907,630	46,080,265	75,827,365
CENTRAL AND EASTERN EUROPE, THE COMMONWEALTH OF INDEPENDENT STATES AND THE BALTIC STATES					
Albania	660,789	4,168,852	4,829,641	1,838,170	2,991,471
Armenia	4,078,207		4,078,207	1,799,424	2,278,783
Azerbaijan	3,998,479		3,998,479	1,878,403	2,120,076
Bosnia and Herzegovina		5,025,000	5,025,000	3,084,276	1,940,724
Croatia		248,122	248,122	162,338	85,784
Georgia	91,285	4,758,715	4,850,000	1,507,887	3,342,113
Kazakhstan	3,912,039		3,912,039	1,494,596	2,417,443
Kyrgyzstan	3,893,067		3,893,067	1,527,370	2,365,697
Republic of Moldova	906,023	3,465,195	4,371,218	1,220,142	3,151,076
Romania	3,899,404		3,899,404	2,051,153	1,848,251
Russian Federation		77,568	77,568	77,568	
Tajikistan	4,806,977		4,806,977	1,456,578	3,350,399
The former Yugoslav Republic of Macedonia		2,194,896	2,194,896	1,220,788	974,108
Turkey	3,271,027	3,351,550	6,622,577	2,614,535	4,008,042
Turkmenistan	3,907,261		3,907,261	1,420,913	2,486,348
Uzbekistan	5,058,485		5,058,485	2,321,854	2,736,631
Yugoslavia (former)		506,020	506,020	506,020	
Yugoslavia (former)(new area programme from 1994)	(511,191)	(10,488)	(521,679)	(521,679)	
Regional	3,873,699	6,000,000	9,873,699	1,633,100	8,240,599
Area total	41,845,551	29,785,430	71,630,981	27,293,436	44,337,545

Area and country assistance	Approved programmes unspent balances as at 1 January 1996	New programmes and cancellations	Total programmes	Total expenditures	Approved programmes unspent balances as at 31 December 1997
GLOBAL ASSISTANCE					
Interregional Fund for Programme Preparation, Promotion and Evaluation	11,366,400	(11,746,815)	(380,415)	(380,415)	
Regional funds	23,122,831	(12,118,435)	11,004,396	9,241,450	1,762,946
Programme Funds for the 1990s Goals	46,254,964	(47,288,823)	(1,033,859)	(1,048,795)	14,936
Emergency Programme Fund	29,818,451	(5,344,034)	24,474,417	1,413,742	23,060,675
Maurice Pate Memorial Fund		50,000	50,000	50,000	
Total global assistance	110,562,646	(76,448,107)	34,114,539	9,275,982	24,838,557
TOTAL PROGRAMME ASSISTANCE	1,047,864,662	483,400,086	1,531,264,748	571,865,978	959,398,770
Programme support	162,924,550	161,768,629	324,693,179	310,142,441	14,550,738
Management and administration	138,748,343	43,322,004	182,070,347	174,621,085	7,449,262
Recovery from packing and assembly activities		(6,638,994)	(6,638,994)	(6,638,994)	
TOTAL BUDGET	301,672,893	198,451,639	500,124,532	478,124,532	22,000,000
TOTAL COOPERATION	1,349,537,555	681,851,725	2,031,389,280	1,049,990,510	981,398,770

Statement VI-2

Programme cooperation: statement of approved programmes, expenditures and unspent balances for supplementary funds

for the biennium ended 31 December 1997

(United States dollars)

Area and country assistance	Approved programmes unspent balances as at 1 January 1996	New programmes and cancellations	Total programmes	Total expenditures	Approved programmes unspent balances as at 31 December 1997
AFRICA					
Angola	1,[illegible],228	10,981,874	12,765,102	7,026,916	5,738,186
Benin	2,[illegible],968	3,537,279	6,128,247	3,096,350	3,031,897
Botswana		1,822,317	1,822,317	361,673	1,460,644
Burkina Faso	4,[illegible],967	4,316,891	8,585,858	4,509,080	4,076,778
Burundi	[illegible],343	474,354	1,260,697	943,477	317,220
Cameroon	1,240,046	1,295,094	2,535,140	1,075,345	1,459,795
Cape Verde	302,960	826,451	1,129,411	539,473	589,938
Central African Republic	[illegible],326	1,766,678	2,175,004	985,767	1,189,237
Chad	2,712,915	3,430,220	6,143,135	3,687,553	2,455,582
Comoros	10,184	110,379	120,563	64,707	55,856
Congo	157,953	255,637	413,590	391,479	22,111
Côte d'Ivoire	161,533	464,984	626,517	413,370	213,147
Democratic Republic of the Congo	715,456	4,917,628	5,633,084	2,679,686	2,953,398
Equatorial Guinea	354,256	610,035	964,291	642,336	321,955
Eritrea	14,959,909	4,574,056	19,533,965	12,592,651	6,941,314
Ethiopia	9,391,128	9,342,645	18,733,773	6,628,802	12,104,971
Gabon	161,888	239,259	401,147	236,982	164,185
Gambia	1,345,374	1,383,751	2,729,125	1,738,769	990,356
Ghana	4,480,919	7,582,781	12,063,700	7,182,328	4,881,372
Guinea	1,899,965	2,910,107	4,810,072	2,831,872	1,978,200
Guinea-Bissau	2,493,889	2,258,663	4,757,552	2,450,994	2,306,558
Kenya	691,131	1,804,036	2,485,167	1,480,950	1,004,217
Lesotho	1,010,231	99,489	1,109,720	754,152	355,568
Liberia	2,147,337	2,224,205	4,371,542	1,749,993	2,621,549
Madagascar	1,434,837	3,336,550	4,771,387	3,518,433	1,252,954
Malawi	3,944,107	8,415,535	12,359,642	7,409,923	4,949,719
Mali	1,895,346	6,538,037	8,433,383	5,326,165	3,107,218
Mauritania	1,766,366	4,005,476	5,771,842	2,889,313	2,882,529
Mauritius		5,155	5,155	3,125	2,030
Mozambique	13,904,161	5,005,446	18,909,607	8,426,223	10,483,384
Namibia	3,581,659	3,819,474	7,401,133	4,694,492	2,706,641
Niger	5,593,631	2,084,944	7,618,575	3,580,050	4,038,525
Nigeria	1,837,201	822,980	2,660,181	269,595	2,390,586
Rwanda	93,003	741,716	834,719	87,959	746,760

Area and country assistance	Approved programmes unspent balances as at 1 January 1996	New programmes and cancellations	Total programmes	Total expenditures	Approved programmes unspent balances as at 31 December 1997
Sao Tome and Principe	148,225	(659)	147,566	130,759	16,807
Senegal	5,400,634	2,800,229	8,200,863	5,997,305	2,203,558
Sierra Leone	173,092	698,171	871,263	392,173	479,090
Somalia	4,429,056	9,397,112	13,826,168	10,654,704	3,171,464
South Africa	530,772	3,352,398	3,883,170	1,592,541	2,290,629
Swaziland	332,542	745,972	1,078,514	378,686	699,828
Togo	1,070,187	904,521	1,974,708	1,297,811	676,897
Uganda	16,013,281	29,090,280	45,103,561	20,252,321	24,851,240
United Republic of Tanzania	3,503,998	8,981,741	12,485,739	7,166,426	5,319,313
Zambia	8,069,950	6,532,667	14,622,617	9,754,906	4,867,711
Zimbabwe	7,494,635	7,286,721	14,781,356	5,636,267	9,145,089
Regional	1,066,088	455,567	1,521,655	1,017,154	504,501
Area total	136,312,677	172,248,846	308,561,523	164,541,016	144,020,507
THE AMERICAS AND THE CARIBBEAN					
Argentina	1,931,456	4,582,756	6,514,212	4,504,612	2,009,600
Belize		55,329	55,329	53,462	1,867
Bolivia	6,102,844	6,862,708	12,965,552	10,629,308	2,336,244
Brazil	11,683,776	27,071,840	38,755,616	33,009,902	5,745,714
Chile	1,225	46,170	47,395	23,230	24,165
Colombia	1,142,832	2,142,609	3,285,441	1,702,562	1,582,879
Costa Rica		193,627	193,627	50,624	143,003
Cuba	1,644,551	2,420,261	4,064,812	3,035,970	1,028,842
Dominica	7,590		7,590		7,590
Dominican Republic		1,343,695	1,343,695	603,418	740,277
Ecuador	3,796,681	2,412,180	6,208,861	3,435,473	2,773,388
El Salvador	232,117	3,077,184	3,309,301	324,235	2,985,066
Guatemala	725,222	7,329,022	8,054,244	1,766,177	6,288,067
Guyana	330,459	76,923	407,382	215,063	192,319
Haiti	5,346,131	5,406,120	10,752,251	8,166,997	2,585,254
Honduras	1,228,165	2,746,330	3,974,495	1,398,961	2,575,534
Jamaica	768,091	1,127,405	1,895,496	1,267,116	628,380
Mexico	5,251,297	2,157,520	7,408,817	6,237,027	1,171,790
Nicaragua	1,483,899	8,638,755	10,122,654	2,421,512	7,701,142
Panama		497,343	497,343	24,491	472,852
Paraguay	106,178	1,044,380	1,150,558	296,018	854,540
Peru	2,514,361	6,484,031	8,998,392	7,691,079	1,307,313

Area and country assistance	Approved programmes unspent balances as at 1 January 1996	New programmes and cancellations	Total programmes	Total expenditures	Approved programmes unspent balances as at 31 December 1997
Uruguay	101,626	207,067	308,693	199,322	109,371
Venezuela	397,508	563,904	961,412	383,519	577,893
Regional	14,908,089	3,945,272	18,853,361	16,599,097	2,254,264
Area total	59,704,098	90,432,431	150,136,529	104,039,175	46,097,354
EAST ASIA AND THE PACIFIC					
Cambodia	5,304,757	23,383,815	28,688,572	14,901,354	13,787,218
China	1,567,001	1,166,103	2,733,104	583,851	2,149,253
Indonesia	11,612,975	2,979,574	14,592,549	6,642,504	7,950,045
Lao People's Democratic Republic	3,968,104	2,093,775	6,061,879	4,746,382	1,315,497
Mongolia	164,376	622,812	787,188	377,612	409,576
Myanmar	1,552,873	3,712,055	5,264,928	4,382,127	882,801
Pacific island countries	1,126,343	1,477,817	2,604,160	1,618,060	986,100
Papua New Guinea	81,649	(2,739)	78,910	77,521	1,389
Philippines	14,135,210	3,346,950	17,482,160	9,915,704	7,566,456
Republic of Korea	23,431		23,431		23,431
Thailand	577,645	4,165,926	4,743,571	2,322,002	2,421,569
Viet Nam	3,216,866	11,349,930	14,566,796	7,924,671	6,642,125
Area total	43,331,230	54,296,018	97,627,248	53,491,788	44,135,460
SOUTH ASIA					
Afghanistan	247,925	2,550,392	2,798,317	1,761,409	1,036,908
Bangladesh	14,773,460	17,502,469	32,275,929	13,469,359	18,806,570
Bhutan	1,250,270	1,164,934	2,415,204	1,632,710	782,494
India	72,518,915	10,379,713	82,898,628	46,401,975	36,496,653
Maldives	151,081	(2,099)	148,982	148,982	
Nepal	5,520,269	8,294,998	13,815,267	8,374,592	5,440,675
Pakistan	2,835,469	990,561	3,826,030	2,027,531	1,798,499
Sri Lanka	3,618,207	2,316,094	5,934,301	5,467,375	466,926
Area total	100,915,596	43,197,062	144,112,658	79,283,933	64,828,725

Area ad country assistance	Approved programmes unspent balances as at 1 January 1996	New programmes and cancellations	Total programmes	Total expenditures	Approved programmes unspent balances as at 31 December 1997
MIDDLE EAST AND NORTH AFRICA					
Algeria	594,063	265,043	859,106	532,516	326,590
Djibouti	94,069	949,224	1,043,293	714,944	328,349
Egypt	1,807,158	7,740,693	9,547,851	3,647,025	5,900,826
Iraq	333,294	1,234,564	1,567,858	455,928	1,111,930
Jordan	807,756	(17,571)	790,185	787,199	2,986
Lebanon	547,282	609,594	1,156,876	792,415	364,461
Morocco	428,716	836,540	1,265,256	868,779	396,477
Oman	3,199		3,199	1,267	1,932
Palestinian children and mothers	4,706,689	2,441,325	7,148,014	4,311,378	2,836,636
Sudan	2,562,607	1,283,664	3,846,271	2,670,567	1,175,704
Syrian Arab Republic		5,651	5,651	5,651	
Tunisia	19,721	1,190,753	1,210,474	218,386	992,088
Yemen	337,339	2,146,410	2,483,749	869,088	1,614,661
Regional	18,459	(18,064)	395		395
Area total	12,258,352	18,669,826	30,928,178	15,875,143	15,053,035
CENTRAL AND EASTERN EUROPE, THE COMMONWEALTH OF INDEPENDENT STATES AND THE BALTIC STATES					
Albania	1,372,268	948,300	2,320,568	1,578,736	741,832
Armenia	102,052	454,205	556,257	308,075	248,182
Azerbaijan	148,042	435,646	583,688	196,900	386,788
Croatia	72	100,470	100,542	26,780	73,762
Federal Republic of Yugoslavia	63,458		63,458	63,458	
Georgia	401,460	593,044	994,504	603,712	390,792
Kazakhstan	1,283,604	768,068	2,051,672	1,035,330	1,016,342
Kyrgyzstan	661,762	451,461	1,113,223	703,577	409,646
Republic of Moldova		43,067	43,067	27,689	15,378
Romania	1,637,853	665,767	2,303,620	1,538,358	765,262
Tajikistan	672,992		672,992	659,004	13,988
Turkey	401,656	247,251	648,907	495,973	152,934
Turkmenistan	680,022	177,187	857,209	418,018	439,191
Uzbekistan	2,232,416	642,765	2,875,181	2,016,409	858,772
Regional		130,000	130,000		130,000
Area total	9,657,657	5,657,231	15,314,888	9,672,019	5,642,869

Area ad country assistance	Approved programmes unspent balances as at 1 January 1996	New programmes and cancellations	Total programmes	Total expenditures	Approved programmes unspent balances as at 31 December 1997
GLOBAL ASSISTANCE					
Regional funds	13,077,005	17,043,240	30,120,845	18,491,560	11,629,285
Programme Fund for the 1990s Goals	26,068,181	84,100,424	110,168,605	81,673,877	28,494,728
International Child Development Centre	3,186,661	8,175,835	11,362,496	4,342,305	7,020,191
Total global assistance	42,332,447	109,319,499	151,651,946	104,507,742	47,144,204
TOTAL PROGRAMME ASSISTANCE	404,512,057	493,820,913	898,332,970	531,410,816	366,922,154

Statement VI-3

Programme cooperation: statement of approved programmes, expenditures and unspent balances for emergency relief and rehabilitation

for the biennium ended 31 December 1997

(United States dollars)

Area and country assistance	Approved programmes unspent balances as at 1 January 1996	New programmes and cancellations	Total programmes	Total expenditures	Approved programmes unspent balances as at 31 December 1997
AFRICA					
Angola	8,520,765	12,043,506	20,564,271	18,067,136	2,497,135
Benin	11,408		11,408		11,408
Burkina Faso	29		29	29	
Burundi	2,270,736	4,544,673	6,815,409	6,190,141	625,268
Chad	6,708	201,550	208,258	198,107	10,151
Congo		622,650	622,650		622,650
Côte d'Ivoire	18,573		18,573		18,573
Democratic Republic of the Congo	317,298	2,649,796	2,967,094	2,818,306	148,788
Eritrea	326,629	(172,527)	154,102	127,902	26,200
Ethiopia	2,522,890	741,904	3,264,794	2,179,247	1,085,547
Kenya	3,839,601	468,876	4,308,477	1,654,329	2,654,148
Lesotho	26,590		26,590	9,220	17,370
Liberia	5,601,161	13,948,419	19,549,580	9,883,280	9,666,300
Madagascar	155,085	103,000	258,085	252,696	5,389
Malawi	92,871	(39,068)	53,803	53,803	
Mali	13,211		13,211	5,644	7,567
Mozambique	2,068,615	(1,053,173)	1,015,442	887,576	127,866
Namibia	61,171	(1,893)	59,278	48,735	10,543
Niger	702		702	702	
Nigeria		278,313	278,313	270,703	7,610
Rwanda	28,224,885	13,941,946	42,166,831	34,613,420	7,553,411
Sierra Leone	1,588,474	4,516,567	6,105,041	2,943,328	3,161,713
Somalia	9,876,939	5,916,447	15,793,386	10,236,109	5,555,277
Uganda	1,624	(893)	731	731	
United Republic of Tanzania		444,347	444,347	370,656	73,691
Zambia	643,031	424,104	1,067,135	959,123	108,012
Zimbabwe	3,759,215	(570,910)	3,188,305	2,161,585	1,026,720
Regional	35,965	30,858,165	30,894,130	21,531,569	9,362,561
Area total	69,984,176	89,865,799	159,849,975	115,466,077	44,383,898

Area and country assistance	Approved programmes unspent balances as at 1 January 1996	New programmes and cancellations	Total programmes	Total expenditures	Approved programmes unspent balances as at 31 December 1997
THE AMERICAS AND THE CARIBBEAN					
Costa Rica		85,050	85,050	77,492	7,558
Guyana		10,000	10,000	10,000	
Haiti	1,900,884	(62,334)	1,838,550	1,781,744	56,806
Mexico		82,759	82,759		82,759
Regional		80,515	80,515	76,002	4,513
Area total	1,900,884	195,990	2,096,874	1,945,238	151,636
EAST ASIA AND THE PACIFIC					
Cambodia	1,112		1,112	1,112	
China		258,532	258,532	247,882	10,650
Democratic People's Republic of Korea	813,197	16,168,505	16,981,702	7,956,012	9,025,690
Philippines	1,581		1,581	1,581	
Thailand	561		561	561	
Area total	816,451	16,427,037	17,243,488	8,207,148	9,036,340
SOUTH ASIA					
Afghanistan	2,039,154	7,738,013	9,777,167	7,017,031	2,760,136
Bangladesh	76,554	(30,212)	46,342	33,736	12,606
India	155,381		155,381	134,987	20,394
Nepal	(5,354)	7,518	2,164	2,164	
Pakistan	27,627	(2,839)	24,788	24,788	
Sri Lanka	14,327	2,415,141	2,429,468	1,685,926	743,542
Area total	2,307,689	10,127,621	12,435,310	8,898,632	3,536,678

Area and country assistance	Approved programmes unspent balances as at 1 January 1996	New programmes and cancellations	Total programmes	Total expenditures	Approved programmes unspent balances as at 31 December 1997
MIDDLE EAST AND NORTH AFRICA					
Djibouti	331	(331)			
Iran (Islamic Republic of)	4,397	70,186	74,583	74,583	
Iraq	17,440,894	25,768,089	43,208,983	31,565,474	11,643,509
Jordan	16,951		16,951	6,772	10,179
Kuwait	102,146	(60,124)	42,022		42,022
Lebanon	23,436	759,936	783,372	750,370	33,002
Palestinian children and mothers				(61)	61
Sudan	16,649,572	36,784,164	53,433,736	42,150,401	11,283,335
Yemen	1,023,185	(486,931)	536,254	514,073	22,181
Area total	35,260,912	62,834,989	98,095,901	75,061,612	23,034,289
CENTRAL AND EASTERN EUROPE, THE COMMONWEALTH OF INDEPENDENT STATES AND THE BALTIC STATES					
Albania	597	2,045,603	2,046,200	971,599	1,074,601
Armenia	1,137,465	949,058	2,086,523	1,250,655	835,868
Azerbaijan	1,176,285	2,518,119	3,694,404	3,121,205	573,199
Belarus	62,427		62,427	53,580	8,847
Bosnia and Herzegovina	7,280,199	11,699,667	18,979,866	15,868,345	3,111,521
Bulgaria	548		548	0	548
Croatia	2,400,131	3,972,283	6,372,414	5,734,912	637,502
Federal Republic of Yugoslavia	2,105,629	3,942,107	6,047,736	5,420,721	627,015
Georgia	713,070	1,443,811	2,156,881	1,880,582	276,299
Kazakhstan	493,594	293,500	787,094	787,094	
Kyrgyzstan	66,585		66,585	63,942	2,643
Latvia	16,547		16,547	15,304	1,243
Republic of Moldova	118,935	(89,525)	29,410	29,410	
Romania	33,075	(789)	32,286	(31,481)	63,767
Russian Federation	132,885	387,854	520,739	80,394	440,345
Tajikistan	985,681	2,411,767	3,397,448	2,661,051	736,397
The former Yugoslav Republic of Macedonia	1,358,400	895,648	2,254,048	1,967,421	286,627
Turkey	8,571		8,571	924	7,647
Turkmenistan	300,000	279,938	579,938	564,060	15,878

Area and country assistance	Approved programmes unspent balances as at 1 January 1996	New programmes and cancellations	Total programmes	Total expenditures	Approved programmes unspent balances as at 31 December 1997
Ukraine	653,901		653,901	434,933	218,968
Union of Soviet Socialist Republics (former)	28,099	(212)	27,887	27,852	35
Uzbekistan	300,000	150,000	450,000	403,661	46,339
Yugoslavia (former)	3,138,678	(676,505)	2,462,173	1,954,952	507,221
Yugoslavia (former) (new area programme from 1994)	59,557	172,722	232,279	231,708	571
Regional	77,294		77,294	81,034	(3,740)
Area total	22,648,153	30,395,046	53,043,199	43,573,858	9,469,341
GLOBAL ASSISTANCE					
Programme Fund for the 1990s Goals	15,129	(490)	14,639	1,493	13,146
Total global assistance	15,129	(490)	14,639	1,493	13,146
TOTAL PROGRAMME ASSISTANCE	132,933,394	209,845,992	342,779,386	253,154,058	89,625,328

Statement VII

Appropriations for the 1996-1997 biennium

at 31 December 1997

(Thousands of United States dollars)

	Appropriations				Expenditures c/				
	Original	Supplement a/	Transfers/ adjustments b/	Revised	Programme support	Management and administration	Programme assistance	Total	Unspent (overspent)
Field offices									
Budget categories									
Category 1 - Staff costs									
International staff costs	78,179	316	2,530	81,025	79,478			79,478	1,547
Local staff costs	60,697	168	(1,835)	59,030	54,004			54,004	5,026
Category 2 - General operating costs	35,944	232	(695)	35,481	31,289			31,289	4,192
Total, all categories	174,820	716		175,536	164,771			164,771	10,765
Headquarters and regional offices									
Part I - Programme assistance		5,707		5,707			5,705	5,705	2
Part II - Programme support	62,158	106,786	(2,755)	166,191	145,371			145,371	20,820
Part III - Management and administration	64,695	108,067	2,755	175,517		174,621		174,621	896
Total, parts I II and III	126,853	220,562		347,415	145,371	174,621	5,705	325,697	21,718
Overall total field offices, headquarters and regional	301,673	221,278		522,951	310,142	174,621	5,705	490,468	32,483

a/ While the supplement for the field offices was based on E/ICEF/1996/AB/L.5 and Corr. 1, the supplement for headquarters and regional offices was the difference between document E/ICEF/1997/AB/L.5 for $347,415,000 and E/ICEF/1995/9/Rev.1 (decision 1995/30) for $126,853,000 .

b/ Transfers between categories within the authority of the Executive Director.

c/ Expenditures were incurred as follows:

	1996	1997	1996-1997
Programme support	157,099	153,043	310,142
Management and administration (statement I)	83,459	91,162	174,621
Total	240,558	244,205	484,763
Programme support	157,099	153,043	310,142
Less: Recovery from packing and assembly activities	3,197	3,442	6,639
Net: Programme support (statement I)	153,902	149,601	303,503

Statement VIII

Capital assets fund: assets and fund balance

at 31 December 1997

(United States dollars)

	31 December 1997	1996 - 1997 Additions	1996 - 1997 Disposals	31 December 1995
ASSETS				
CASH HOLDINGS	14,852,836			15,002,620
OFFICE BUILDINGS				
Accra, Ghana	941,170	118,841		822,329
Algiers, Algeria	94,145	94,145		
Ashkabad, Turkmenistan	19,798	19,798		
Bamako, Mali	1,175,000			1,175,000
Bissau, Guinea-Bissau	845,485	198,587		646,898
Dar es Salaam, United Republic of Tanzania	573,418			573,418
Harare, Zimbabwe	430,445	35,598		394,847
Lusaka, Zambia	780,000			780,000
Male, Maldives	320,089			320,089
Manila, Philippines	31,000	31,000		
New Delhi, India	1,812,848			1,812,848
Niamey, Niger	667,092	27,632		639,460
Port-au-Prince, Haiti	186,037			186,037
Praia, Cape Verde	553,468	36,009		517,459
Sana'a, Yemen	268,277			268,277
Santo Fe de Bogota, Colombia	1,658,466			1,658,466
Santiago, Chile	32,143			32,143
Sao Tome and Principe	382,348	31,037	68,002	419,313
Tbilisi, Georgia	79,667	79,667		
Windhoek, Namibia	1,361			1,361
Subtotal	10,852,257 a/	672,314	68,002	10,247,945
UNICEF HOUSING				
Brasilia, Brazil			146,477	146,477
Bujumbura, Burundi	240,000			240,000
Harare, Zimbabwe	212,106			212,106
Juba, Sudan	21,618			21,618
Kampala, Uganda	250,000			250,000
Lagos, Nigeria	65,206			65,206
Maputo, Mozambique	12,078			12,078
Windhoek, Namibia	313,272		60,827	374,099
Subtotal	1,114,280		207,304	1,321,584
TOTAL ASSETS	26,819,373	672,314	275,306	26,572,149
FUND BALANCE				
Balance brought forward	26,572,149			26,513,155
Current period income	282,874			58,994
Current period charges	35,650			
TOTAL FUND BALANCE	26,819,373			26,572,149

a/ This does not include the amount of $2,388,729 billed by the United Nations Development Programme (UNDP) to UNICEF in dispute.

Notes to the financial statements

Note 1. Statement of the objectives and activities of the United Nations Children's Fund

1. UNICEF is mandated by the United Nations General Assembly to advocate for the protection of children's rights, to help meet their basic needs and to expand their opportunities to reach their full potential. The organization mobilizes political will and material resources to help countries, particularly developing countries, to ensure a "first call for children" and to build their capacity to form appropriate policies and deliver services for children and their families.

Note 2. Summary of significant accounting policies

2. Until 31 December 1987, UNICEF accounts were maintained in accordance with the Financial Regulations of the United Nations, with such modifications as required by the nature of the work of UNICEF. By its decision 1987/13 (E/ICEF/1987/11), taken at its 1987 regular session, the Executive Board adopted the UNICEF Financial Regulations and Rules in accordance with Economic and Social Council decision 1986/1981 of 23 July 1986, as approved by the General Assembly in its decision 41/461 of 11 December 1986.

3. In line with the goal of achieving harmonization of the presentation of the accounts by the agencies in the United Nations system, statements I, II, III and VII are now shown in line with the formats agreed upon by the Administrative Committee on Coordination.

Accounting period

4. By its decision 1987/2 (E/ICEF/1987/11), taken at its 1987 regular session, the Executive Board decided that, effective 1 January 1988, UNICEF would commence its financial reporting on a biennial basis. Since 1 January 1988, the accounts have been maintained on a biennial basis in accordance with the UNICEF Financial Regulations and Rules.

Unit of account

5. The accounting unit is the United States dollar. The equivalent in United States dollars of other currencies is established on the basis of the United Nations operational rates of exchange.

Translation of currencies

6. Differences between the valuation of the currencies when entered into the accounts and when actual transactions are completed are accounted for as gains or losses on exchange transactions.

7. Periodically, assets and liabilities in currencies other than United States dollars are revalued for accounting purposes at the prevailing United Nations operational rates of exchange. Any variance due to fluctuation of those rates is accounted for as income or loss and shown separately in the statement of income and expenditure. In accordance with UNICEF Executive Board decision 1990/28 (E/ICEF/1990/13), taken at its 1990 regular session, differences resulting from the payment of contributions pledged in currencies other than United States dollars are recorded against the contributions.

Income

8. Income consists of general resources, supplementary funds and emergency relief and rehabilitation. General resources include funds from the voluntary annual contributions of Governments, intergovernmental organizations, non-governmental organizations, the net income from the greeting card and related operations, unearmarked funds contributed by the public and other income. Supplementary funds are those contributed to UNICEF by Governments, intergovernmental organizations, non-governmental organizations and the United Nations system for specific purposes within the programmes approved by the UNICEF Executive Board. Emergency relief and rehabilitation funds include those contributed for emergency operations.

9. Income is recorded on the basis of funds or pledges received for the current year. Pledges received for future years for purposes specified by donors are considered deferred income and recorded as "pledged and received in advance".

10. Contributions income received from National Committees for UNICEF and non-governmental organizations is accounted for on a cash basis of accounting, with the exception of contributions for supplementary funds and for emergency relief and rehabilitation, which may be recorded on the basis of a valid pledge from a National Committee. The validity of the pledge is determined by the existence of funds raised and a statement from the National Committee that it is committing funds to UNICEF in the form of a pledge.

11. All other income received by UNICEF is classified as miscellaneous income and is credited as general resources.

12. The statement of income and expenditure does not include funds received and expenditures made from special accounts. Those transactions that do not require commitments by the Executive Board are maintained as special accounts.

13. Donations-in-kind, which are recorded as memorandum entries in the books of accounts, are not part of UNICEF income.

Expenditure

14. All expenditure of UNICEF is accounted for on an accrual basis, except for that relating to staff entitlements, which is accounted for on the basis of cash disbursements only.

15. Deferred charges comprise expenditure items that are not properly chargeable in the current financial period and will be charged as expenditure in a subsequent financial period.

16. No provision is made for staff entitlements for repatriation, etc., that will take place in the future or to meet contingencies under appendix D of the United Nations Staff Rules, as funds are provided in the budget appropriations as required.

Assets

17. All funds received are deposited into UNICEF bank accounts, including those under special account arrangements, and reflected as cash holdings.

18. All outstanding pledges for contributions are recorded as receivables (see para. 9 above).

19. Prior to 1989, certain buildings purchased by UNICEF and considered as capital assets were valued at cost less accumulated depreciation. In 1989, the unamortized value of UNICEF capital assets was expended against the 1988–1989 budget, resulting in a fully

depreciated UNICEF capital asset account as of 31 December 1989. Future acquisitions of UNICEF capital assets will be included in the capital asset fund (see para. 24 below).

20. The stock of programme supplies at the UNICEF Supply Division warehouse at Copenhagen is shown at average cost. Goods in transit to the warehouse are valued at actual cost. Freight paid for supplies to the warehouse is considered part of the cost of supplies.

21. The greeting card and related operations inventory of raw materials, products in process and finished goods are valued at standard cost.

22. Furniture, equipment and other non-expendable property are not included in the assets of the organization. Acquisitions are charged against budgetary accounts in the year of purchase.

Liabilities and reserves

23. The liabilities of UNICEF include contributions received in advance, special accounts, unliquidated obligations, other accounts payable, credit balances in asset accounts and accrued expenses.

24. By its decision 1990/26 (E/ICEF/1990/13), taken in its 1990 regular session, the Executive Board approved the establishment of a capital asset reserve fund to better control the future purchase of UNICEF capital assets, mainly buildings to be purchased for office accommodations and staff housing in the field. At such time as may be necessary, additional authorized appropriations will be made to replenish the capital asset reserve.

Consolidation of greeting card and related operations accounts

25. The financial report and accounts reflect UNICEF income, expenditure, assets and liabilities, including the net operating income, assets and liabilities of the greeting card and related operations. The principles of consolidation reflect the accounting policies outlined below:

(a) Effective 1997, the reporting period and accounts of the greeting card and related operations will be maintained on a calendar year basis. For consolidation purposes, the UNICEF financial statements now include the greeting card and related operations accounts as at 31 December;

(b) The financial effect of consolidating the greeting card and related operations accounts on a calendar basis is reflected, most notably, in the receivables and earnings of the greeting card and related operations. Inter-office transactions between UNICEF and the greeting card and related operations are eliminated for consolidation purposes.

Note 3. Income

26. Total income from contributions for the biennium ended 31 December 1997 was $1,481,494,000, a decrease of $198,122,000 compared with the biennium ended 31 December 1995. Contributions for the biennium ended 31 December 1997 consisted of $724,247,000 for general resources, $537,213,000 for supplementary funds and $220,034,000 for emergency relief and rehabilitation.

27. Net income from the greeting card and related operations for the biennium ended 31 December 1997 was $310,670,000 as follows (in thousands of United States dollars):

	1996	*1997*	*Total*
Income			
Gross proceeds from sales	167 871	144 520	312 391
Private sector fund-raising	86 947	134 508	221 455
Other income	7 928	7 686	15 614
Total	**262 746**	**286 714**	**549 460**
Expenditures	112 325	126 465	238 790
Net income	**150 421**	**1 620 249**	**310 670**

28. Income from miscellaneous sources for the biennium ended 31 December 1997 was $89,647,000 (schedule 2). The major items are $47,680,000 in interest on funds held in interest-bearing deposits and in current accounts with banks and $12,604,000 in adjustments of payable related to the prior period's budget.

29. Changes in the value of the United States dollar (the accounting unit) in relation to other currencies in which assets and liabilities were held resulted in a net decrease of $35,758,000 in the accounting value of these assets and liabilities during the biennium ended 31 December 1997, composed, for the most part, of the following (in thousands of United States dollars):

Revaluation of contributions receivables	9 722
Revaluation of the call and investment accounts	14 837
Revaluation of current accounts, cash on hand and other accounts	11 199
Net decrease	**35 758**

Note 4. Donations-in-kind

30. Donations-in-kind valued by donors and accepted by the Executive Director at $51,641,000 were delivered by UNICEF to projects during the biennium 1996–1997. These are recorded as memorandum entries in the books of accounts and are not part of UNICEF income.

Note 5. Expenditures

31. Total expenditures for the biennium 1996–1997 amounted to $1,834,555,000, which is $168,235,000 lower than the total expenditures of the preceding biennium. Expenditures for programme cooperation during the present biennium totalled $1,659,934,000, or $151,988,000 lower than that for the biennium 1994–1995.

32. Expenditures for management and administration in 1996–1997 were $174,621,000. In the biennium 1994–1995, the comparative amount was $190,868,000.

Note 6. Write-offs

33. The amount of $21,061,000 shown on statement I includes the write-offs and adjustment of pledges for the biennium ended 31 December 1997 totalling $18,885,000. Adjustments for write-offs of other assets and losses amounted to $2,176,000. The write-off and adjustment of pledges consist of the following (in thousands of United States dollars):

	General resources	*Supplementary funds*	*Emergency relief and rehabilitation*	*Total*
Supplementary funds cancelled by donors		9 365	2 000	11 365
Supplementary funds cancelled on completion of projects		2 142	4 809	6 951
Unpaid pledges	569			569
Total write-off and adjustments	**569**	**11 507**	**6 809**	**18 885**

Note 7. Provision for uncollectible contributions receivables

34. In line with the recommendation of the external auditors (A/51/5/Add.2, chap. II, para. 35), a $5 million provision for potentially uncollectible contributions receivables has been set up with a transfer from the general resources fund balance.

Note 8. Assets

35. At 31 December 1997, cash totalled $416,750,000 (statement II). Included in this amount are $49,506,000 held on behalf of donors, mainly for the procurement of goods and services on a reimbursable basis. Cash details are given in schedule 3.

36. Contributions receivable for current and prior years totalled $156,376,000 as of 31 December 1997. Included in contributions receivable are $90,805,000 for supplementary funds and $47,857,000 for emergency relief and rehabilitation, payment of which is normally related to the progress in implementing specific projects and occurs in accordance with payment schedules agreed upon with donors.

37. The aggregate of accounts receivable, advances and deposits as at 31 December 1997 totalled $172,905,000, including the accounts of the greeting card and related operations, which totalled $130,074,000.

38. The aggregate value of inventory as at 31 December 1997 totalled $24,583,000, consisting mainly of programme supplies in stock at the UNICEF Supply Division warehouse at Copenhagen and greeting card and related operations stock.

39. Capital assets reflected in the financial statements of 31 December 1997 consist of office buildings and staff housing presented at their acquisition cost of $11,967,000, as well as greeting card and related operations machinery and equipment that are depreciated over the estimated useful life of these assets. The depreciated value of the greeting card and related operations capital assets is $1,164,000. Details of UNICEF capital assets, except the greeting card and related operations, are given in statement VIII.

40. The cost of non-expendable property as at 31 December 1997 totalled $51,692,000. Computer equipment acquired in 1996–1997 has been charged against the administrative budget, a procedure consistently applied since 1986, and is not reflected in the statements.

41. As at 31 December 1997, the organization's call accounts and time deposits were valued at $398,442,000. The application of the United Nations rates of exchange at 1 January 1998 will result in a foreign exchange loss of $866,000 and decrease the value of the call accounts and time deposits to $397,576,000.

Note 9. Reserves

42. In 1950, the Executive Board authorized the establishment of a reserve for insurance of $200,000 to absorb losses of UNICEF programme supplies and equipment not covered by commercial insurance. Up to 1992, the reserve was restored to its authorized limit by a transfer from income. There were no movements in the reserve for the biennium 1996–1997 (in United States dollars):

Balance, 1 January 1996	104 010
Charges against the reserve in 1996–1997	(—)
Balance, 31 December 1997	**104 010**

43. In 1987, UNICEF established a reserve of $100,000 to self-insure for property losses. This reserve was funded equally from the biennium 1987–1988 and the biennium 1988–1989. Up to 1992, the reserve was restored to its original amount by a transfer from income. There were no movements in the reserve for the biennium 1996–1997 (in United States dollars):

Balance, 1 January 1996	26 399
Charges against the reserve in 1996–1997	(—)
Balance, 31 December 1997	**26 399**

Note 10. Contingent liability

44. The net contingent liability for staff benefits as at 31 December 1997 is estimated at $60,480,000 consisting of the following (in thousands of United States dollars):

Accumulated leave	23 364
Repatriation grant	32 816
Mobility and hardship	4 300
Total	**60 480**

45. There is no provision in the accounts for this amount. The expenditures will be charged against the budget appropriations of the periods when actual payments are made.

46. An outstanding amount of $2,575,120 was billed to UNICEF by UNDP for construction costs of the common premises project pre-financed by UNDP. UNICEF has recorded $186,391 in the accounts as a confirmed liability and the difference of $2,388,729 is in dispute.

Schedules to the financial statements

Schedule 1

Contributions received or pledged

for the biennium ended 31 December 1997

(United States dollars)

Donor	General resources			Supplementary funds			Emergency relief and rehabilitation			
	Governments and inter-governmental agencies	Non-governmental sources	Subtotal	Governments and inter-governmental agencies	Non-governmental sources	Subtotal	Governments and inter-governmental agencies	Non-governmental sources	Subtotal	Total
COUNTRIES										
Albania		1,000	1,000							1,000
Algeria	25,000	47	25,047							25,047
Andorra	15,000		15,000		72,509	72,509		42,308	42,308	129,818
Argentina				723,481	3,584,487	4,307,968				4,307,968
Armenia					6,121	6,121				6,121
Australia	7,101,086	11,222	7,112,308	16,291,896	10,165,548	26,457,444	1,180,621	1,813,095	2,993,716	36,563,469
Austria	3,741,143	846	3,741,989	2,033,469	1,131,216	3,164,685		664,045	664,045	7,570,719
Azerbaijan					337,990	337,990				337,990
Bangladesh	60,101	575	60,676		52,132	52,132				112,808
Barbados	6,000	587	6,587							6,587
Belgium	4,765,856	158	4,766,014	3,068,918	961,609	4,030,527		353,630	353,630	9,150,171
Belize	10,000		10,000							10,000
Benin	10,000		10,000							10,000
Bhutan	6,956		6,956							6,956
Bolivia	52,000	2,697	54,697	480,920	34,507	515,427				570,124
Botswana	10,930		10,930							10,930
Brazil	300,000		300,000		18,380,938	18,380,938				18,680,938
British Virgin Islands	19,217		19,217							19,217
Bulgaria	233		233							233
Burkina Faso	5,093		5,093							5,093
Burundi	2,594		2,594							2,594
Canada	20,180,039	2,935	20,182,974	18,181,134	12,344,619	30,525,753	12,782,342	583,308	13,365,651	64,074,378
Cambodia					5,000	5,000				5,000
Central African Republic				200,000		200,000				200,000
Chad				639,500		639,500				639,500
Chile	152,000		152,000		46,170	46,170				198,170
China	2,212,077	628	2,212,705							2,212,705
Colombia	930,691		930,691		449,296	449,296				1,379,987
Côte d'Ivoire					10,778	10,778				10,778
Costa Rica	26,761		26,761							26,761
Cuba	54,817		54,817		12,946	12,946				67,763
Cyprus	998		998							998
Czech Republic	268,213		268,213							268,213
Democratic People's Republic of Korea	9,662		9,662							9,662
Denmark	57,859,230	5,830	57,865,059	608,970	396,692	1,005,662	10,407,467	88,779	10,496,246	69,366,967
Djibouti	3,000		3,000		7,000	7,000				10,000
Dominican Republic	11,151	1,465	12,615		5,661	5,661				18,276
Ecuador					99,865	99,865				99,865
Egypt	77,152		77,152		5,841	5,841				82,993
El Salvador	75,000		75,000							75,000
Eritrea		10	10							10
Ethiopia	98,785		98,785							98,785
Federal Republic of Yugoslavia								45,910	45,910	45,910
Fiji	3,453		3,453							3,453
Finland	25,803,215		25,803,215	1,192,752	2,161,964	3,354,716	3,085,053	131,066	3,216,119	32,374,050
France	17,608,562	153,283	17,761,845	593,933	3,691,215	4,285,149	337,921	3,247,727	3,585,648	25,632,642
Gabon				198,059		198,059				198,059
Gambia	5,000		5,000		3,957	3,957				8,957
Georgia								23,457	23,457	23,457
Germany	13,840,732	80,571	13,921,303		34,487,874	34,487,874	1,864,391	9,065,816	10,930,207	59,339,384

Donor	General resources			Supplementary funds			Emergency relief and rehabilitation			
	Governments and inter-governmental agencies	Non-governmental sources	Subtotal	Governments and inter-governmental agencies	Non-governmental sources	Subtotal	Governments and inter-governmental agencies	Non-governmental sources	Subtotal	Total
Ghana	10,000		10,000							10,000
Greece	420,000		420,000		341,546	341,546	10,000	86,225	96,225	857,771
Guatemala					32,141	32,141				32,141
Guinea					33,726	33,726				33,726
Guinea-Bissau	2,500		2,500		20,754	20,754				23,254
Guyana	1,474	300	1,774							1,774
Haiti				503,240		503,240				503,240
Holy See	2,000		2,000							2,000
Honduras	46,019		46,019		8,420	8,420				54,439
Hong Kong	30,488		30,488		2,413,090	2,413,090		258,532	258,532	2,702,110
Hungary					5,000	5,000				5,000
Iceland	242,779		242,779							242,779
India	1,731,965	25,401	1,757,366		80,705	80,705				1,838,071
Indonesia	315,000	5,603	320,603							320,603
Iran (Islamic Republic of)	132,000		132,000							132,000
Iraq					353,300	353,300				353,300
Ireland	3,516,895	37	3,516,732	2,450,664		2,450,664	1,444,896		1,444,896	7,412,292
Israel	125,000	30	125,030							125,030
Italy	13,372,093	230	13,372,323	7,533,396	4,049,808	11,583,204	6,540,395	3,319,144	9,859,539	34,815,066
Jamaica	865	28	993							993
Japan	58,930,000	114,249	59,044,249	2,000,000	13,207,568	15,207,568	7,900,000	2,667,142	10,567,142	84,818,957
Jordan	28,248		28,248		2,000	2,000				30,248
Kenya					2,000	2,000				2,000
Kuwait	400,000	133	400,133							400,133
Lao People's Democratic Republic	10,000		10,000							10,000
Lebanon	13,000		13,000	86,145	142,405	228,550				241,550
Lesotho				61,911		61,911				61,911
Libyan Arab Jamahiriya	447,223		447,223							447,223
Liechtenstein	3,472		3,472							3,472
Luxembourg	693,049	338	693,387	558,300	292,486	850,786	1,046,523	211,017	1,257,540	2,801,713
Macedonia								2,727	2,727	2,727
Madagascar	709		709	150,000	12,068	162,068				162,775
Malawi	6,082		6,082							6,082
Malaysia	166,000	30	166,030							166,030
Maldives	10,102		10,102							10,102
Mali					2,551	2,551				2,551
Malta	8,019		8,019							8,019
Marshall Islands	1,000		1,000							1,000
Mauritania	6,725		6,725							6,725
Mauritius	17,990	1,392	19,382		57,048	57,048				76,430
Mexico	415,141	4,065	419,206		209,551	209,551				628,757
Monaco	33,753		33,753		96,451	96,451				130,204
Mongolia	20,000	472	20,472		2,020	2,020				22,492
Morocco	161,634		161,634		67,567	67,567				229,201
Myanmar	266,545	800	267,345							267,345
Namibia	4,000		4,000							4,000
Netherlands	58,766,877	232,584	58,999,461	40,104,220	19,782,729	59,886,949	33,880,219	1,285,131	35,165,350	154,051,761
Nepal		80	80							80
New Zealand	1,427,566	1,691	1,429,277	1,952,768	68,287	2,021,055	172,689	267,450	440,139	3,890,471
Nigeria		1,120	1,120		209,905	209,905				211,025
Norway	78,647,503	9,975	78,657,478	32,452,033	570,376	33,022,409	6,720,474	104,044	6,824,518	118,504,405
Oman	100,000	6,562	106,562							106,562
Pacific island countries					196,250	196,250				196,250
Pakistan	270,027		270,027		27,022	27,022				297,049
Panama	25,000		25,000	100,000	4,683	104,683				129,683

Donor	General resources			Supplementary funds			Emergency relief and rehabilitation			
	Governments and inter-governmental agencies	Non-governmental sources	Subtotal	Governments and inter-governmental agencies	Non-governmental sources	Subtotal	Governments and inter-governmental agencies	Non-governmental sources	Subtotal	Total
Paraguay	12,000		12,000	27,650		27,650				39,650
Peru	30,000		30,000	996,611	144,416	1,141,027				1,171,027
Philippines	418,561		418,561		1,564,293	1,564,293	3,000		3,000	1,985,854
Poland	47,970		47,970							47,970
Portugal	200,000		200,000	25,000	82,282	87,282		119,948	119,948	407,229
Republic of Korea	3,000,000	500	3,000,500		949,627	949,627	950,000	700,000	1,650,000	5,600,127
Republic of Moldova					43,067	43,067				43,067
Romania	4,149		4,149							4,149
Russian Federation	500,000	200	500,200							500,200
Saint Lucia	5,172		5,172							5,172
Saint Vincent and the Grenadines	1,500		1,500							1,500
San Marino	11,713		11,713		81,329	81,329		30,000	30,000	123,042
Saudi Arabia	3,000,000	220,825	3,220,825							3,220,825
Senegal					110,895	110,895				110,895
Seychelles	100		100							100
Singapore	60,000	3,341	63,341		35,416	35,416		4,142	4,142	102,899
Slovenia	4,262		4,262							4,262
Somalia		2,100	2,100							2,100
South Africa	67,225	705	67,930							67,930
Spain	3,799,095	25	3,799,090	238,838	22,582,520	22,821,358		5,554,061	5,554,061	32,174,509
Sri Lanka	18,091	808	18,899	844,595		844,595				863,493
Sudan	1,000	97	1,097	60,790		60,790		7,488	7,488	69,375
Suriname				250,000		250,000				250,000
Swaziland	1,867		1,867							1,867
Sweden	78,897,980	2,512	78,900,491	60,525,707	787,292	61,322,999	22,406,274		22,406,274	163,629,765
Switzerland	24,902,433	606,512	25,508,945	3,134,705	14,121,982	17,256,687	3,071,431	800,721	3,872,151	46,637,783
Syrian Arab Republic	24,060		24,060		5,651	5,651				29,711
Thailand	600,739		600,739		2,186,876	2,186,876				2,787,615
The former Yugoslav Republic of Macedonia								5,911	5,911	5,911
Trinidad and Tobago	3,267		3,267							3,267
Tunisia	102,320	364	102,684							102,684
Turkey	245,000		245,000	8,821	60,000	68,821		51,516	51,516	365,337
Uganda					1,400	1,400				1,400
Uruguay	30,000		30,000		25,493	25,493				55,493
United Arab Emirates	200,000	8,210	208,210							208,210
United Kingdom of Great Britain and Northern Ireland	26,821,800	234,612	27,056,512	29,311,385	10,145,238	39,456,593	9,484,669	2,790,871	12,255,539	78,768,645
United Republic of Tanzania	7,418	84	7,482							7,482
United States of America	200,000,000	81,304	200,081,304	74,662,499	20,533,934	95,396,033	33,467,965	2,539,913	36,007,878	331,485,215
Venezuela	120,708		120,708		580,373	580,373				701,079
Viet Nam	25,094	366	25,460		36,444	36,444				61,904
Yemen	16,720		16,720		20,000	20,000				36,720
Zambia	14,266	563	14,829	331,824		331,824	505,475		505,475	852,128
Zimbabwe	4,854	1,139	5,993							5,993
Subtotal Countries	720,379,645	1,831,219	722,211,063	302,782,104	204,835,521	507,617,625	157,241,804	36,865,126	194,106,930	1,423,935,619
INTERGOVERNMENTAL AGENCIES										
Agence de Cooperation Culturelle et Technique (Agency for Cultural and Technical Cooperation)				61,305		61,305				61,305
European Union				5,162,349		5,162,349	25,111,826		25,111,826	30,274,175
OPEC Fund				350,000		350,000	500,000		500,000	850,000
Subtotal Intergovernmental agencies				5,593,654		5,593,654	25,611,826		25,611,826	31,205,480
Income adjustments to prior periods	1,869,021		1,869,021	(437,046)		(437,046)	(98,138)		(98,138)	1,333,837
Refund of contributions				(7,096,515)		(7,096,515)	(4,398,572)		(4,398,572)	(11,495,087)
TOTAL GOVERNMENTS AND INTER-GOVERNMENTAL AGENCIES	722,248,665	1,831,219	724,080,084	300,842,197	204,835,521	505,677,718	178,356,921	36,865,126	215,222,046	1,444,979,849

Donor	General resources: Governments and inter-governmental agencies	General resources: Non-governmental sources	General resources: Subtotal	Supplementary funds: Governments and inter-governmental agencies	Supplementary funds: Non-governmental sources	Supplementary funds: Subtotal	Emergency relief and rehabilitation: Governments and inter-governmental agencies	Emergency relief and rehabilitation: Non-governmental sources	Emergency relief and rehabilitation: Subtotal	Total
NON-GOVERNMENTAL ORGANIZATIONS										
Audrey Hepburn Tribute					17,427	17,427				17,427
Bernard Van Leer Foundation, Netherlands					152,896	152,896				152,896
Canadian Public Health Association					75,452	75,452				75,452
Church World Service								200,000	200,000	200,000
International Child Development Centre					15,951	15,951				15,951
International Development Research Centre					3,881,034	3,881,034				3,881,034
Lions Club					1,923	1,923				1,923
Nippon Foundation, Japan					3,656,773	3,656,773				3,656,773
Oxfam, London								81,899	81,899	81,899
Oxfam, Hong Kong								197,093	197,093	197,093
Plan International					80,000	80,000				80,000
Rädda Barnen, Sweden					32,112	32,112				32,112
Redd Barna, Norway					32,541	32,541				32,541
Rotary International					22,012,332	22,012,332				22,012,332
Tetsuko Kuroyanagi, Japan		1,787,159	1,787,159		800,000	800,000		1,000,000	1,000,000	3,587,159
The Rockefeller Foundation					40,270	40,270				40,270
UN Women's Guild		1,000	1,000		12,892	12,892		4,496	4,496	18,188
UN and UN agencies' staff		10,050	10,050		10,145	10,145				20,195
Subtotal Non-governmental organizations		1,798,209	1,798,209		30,821,548	30,821,548		1,483,289	1,483,289	34,103,046
Income adjustments to prior periods		(1,631,273)	(1,631,273)		(1,778,518)	(1,778,518)		(789)	(789)	(3,410,580)
Refund of contribution					(185,350)	(185,350)				(185,350)
TOTAL GOVERNMENTS, INTERGOVERNMENTAL AND NON-GOVERNMENTAL	722,248,865	1,998,155	724,247,020	300,842,197	233,693,201	534,535,398	178,356,921	38,347,625	216,704,546	1,475,486,964
INTER-ORGANIZATION ARRANGEMENTS										
IFAD, Rome					731,219	731,219				731,219
UNDHA								1,295,565	1,295,565	1,295,565
UN, Emergency Funds (DHA/Iraq)								925,000	925,000	925,000
UN Secretariat					1,867,889	1,867,889		895,859	895,859	2,763,747
UNDCP, Vienna					10,500	10,500				10,500
UNCDF, New York					100,380	100,380				100,380
UNDP, New York					102,230	102,230				102,230
UNESCO, Paris					50,000	50,000				50,000
UNFPA, New York								(1,000)	(1,000)	(1,000)
UNHCR, Geneva					154,583	154,583		120,000	120,000	274,583
WHO, Geneva					73,755	73,755		60,000	60,000	133,755
WFP, Rome					4,500	4,500				4,500
World Bank					382,000	382,000				382,000
Subtotal Inter-organization arrangements					3,477,056	3,477,056		3,295,424	3,295,424	6,772,480
Income adjustments to prior periods					(37,962)	(37,962)		33,488	33,488	(4,474)
Refund of contribution					(760,730)	(760,730)				(760,730)
TOTAL INTER-ORGANIZATION ARRANGEMENTS					2,678,365	2,678,365		3,328,912	3,328,912	6,007,276
GRAND TOTAL	722,248,865	1,998,155	724,247,020	300,842,197	236,371,565	537,213,762	178,356,921	41,676,537	220,033,458	1,481,494,240

SUMMARY	General resources	Supplementary funds	Emergency relief & rehabilitation	Total
Governments	719,783,466	295,233,657	153,140,993	1,168,158,115
Intergovernmental agencies	2,465,400	5,608,541	25,215,928	33,289,869
National Committees	1,831,219	167,270,399	36,865,126	205,966,743
Non-governmental organizations	166,936	66,422,802	1,482,500	68,072,238
Inter-organization arrangements		2,678,365	3,328,911	6,007,276
GRAND TOTAL	724,247,020	537,213,762	220,033,458	1,481,494,240

Schedule 2

Other income

for the biennium ended 31 December 1997

(United States dollars)

	1996-1997	1994-1995
INCOME RELATED TO THE BUDGET EXPENDITURES		
Income from packing and assembly activities	6,317,240	3,951,897
Adjustments of accounts payable related to prior period's budget	7,485,556	6,006,165
Agency commissions and reimbursement for services	3,070,073	2,937,820
Income from sale of films, books and other information materials	124,428	128,370
Income from sale of surplus and obsolete administrative property	795,262	2,130,102
Miscellaneous	250,004	501,445
Subtotal	18,042,563	15,655,799
INCOME RELATED TO PROGRAMME OPERATIONS		
Shipping and insurance claims received	341,243	211,260
Income from sale of surplus and programme property	459,329	533,074
Miscellaneous	8,740,368	9,582,678
Subtotal	9,540,940	10,327,012
INCOME RELATED TO FINANCIAL OPERATIONS		
Cash discounts	623,759	816,818
Gains (losses) on foreign exchange transactions	6,919,274	1,324,874
Agency commissions from procurement services	4,810,133	5,367,442
Miscellaneous	2,030,358	1,806,179
Subtotal	14,383,524	9,315,313
Total other income	41,967,027	35,298,124
Interest on current bank accounts and short-term investments	47,680,230	41,414,429
Total	89,647,257	76,712,553

Schedule 3

Cash holdings

at 31 December 1997

(United States dollars)

	Time remaining to maturity						
	At sight	2-7 days	8-30 days	31-90 days	Over 90 days	Total	
AT CALL ACCOUNTS AND TIME DEPOSITS							
Australian dollars	1,583,939					1,583,939	
Austrian schillings	152,545					152,545	
Belgian francs	100,705	357,143		329,670		787,518	
Canadian dollars	94,729		140,582			235,311	
Danish kroner	0	2,980,626		2,980,626		5,961,252	
Deutsche mark	800,411	1,704,545		3,977,273		6,482,229	
European currency units	336,676	579,803				916,479	a/
Finnish markkaa	331,411	281,426		469,043		1,081,880	
French francs	2,213,024	1,870,943				4,083,967	
Greek drachmas	3,800					3,800	
Irish pounds	196	747,366				747,562	
Italian lire	584,172	614,143		1,294,644	298,551	2,791,510	
Japanese yen	709	234,742	1,943,662	1,948,357		4,127,470	
Netherlands guilders	12,531	753,769	362,620	595,940		1,724,860	
New Zealand dollars	9,212					9,212	
Norwegian kroner	301,135		142,614	631,159		1,074,908	
Portuguese escudos	845					845	
Pounds sterling	2,538,784	891,162	1,531,901			4,961,847	
Spanish pesetas	81,194					81,194	
Swedish kronor	469,884	527,165		1,485,893		2,482,942	
Swiss francs	1,925,909	3,521,127		1,760,563		7,207,599	
United States dollars	5,122,010	26,270,213	52,254,379	112,162,903	158,133,380	351,942,885	
Subtotal	16,663,821	41,334,173	56,375,758	127,636,071	156,431,931	398,441,754	b/
IN CURRENT ACCOUNTS, CASH ON HAND AND IN TRANSIT							
Convertible currencies	11,881,695					11,881,695	
Non-convertible currencies							
Indian rupees	784,224					784,224	
Cuban pesos	612,207					612,207	
Brazilian reals	477,624					477,624	
Polish zlotys	379,105					379,105	
Hungarian forint	350,998					350,998	
CFA francs	356,637					356,637	
Slovenian tolars	335,293					335,293	
Moroccan dirhams	251,246					251,246	
Czech koruny	245,155					245,155	
Malawian kwachas	239,028					239,028	
Tanzanian shillings	215,069					215,069	
Nigerian naira	183,344					183,344	
Ethiopian birr	185,570					185,570	
Colombian pesos	131,658					131,658	

	Time remaining to maturity					
	At sight	2-7 days	8-30 days	31-90 days	Over 90 days	Total
Zimbabwe dollars	120,854					120,854
Argentine pesos	114,204					114,204
Iranian rials	108,649					108,649
Kenya shillings	107,882					107,882
Bangladesh taka	92,815					92,815
Chilean pesos	89,530					89,530
Pakistan rupees	84,552					84,552
Other currencies	961,259					961,259
	6,426,902					6,426,902
Subtotal	18,308,597					18,308,597
Total	34,972,418	41,334,173	56,375,758	127,636,071	156,431,931	416,750,351
SUMMARY						
Convertible currencies						410,323,449
Non-convertible currencies						6,426,902
						416,750,351

a/ Includes $293,140.39 held on behalf of the Mutual Assistance Fund.

b/ Decrease due to change in exchange rates as at 1 January 1998 of funds at call and investments is equivalent to $866,434.70.

Schedule 4

Contributions receivable for general resources, supplementary funds and emergency relief and rehabilitation

at 31 December 1997

(United States dollars)

Donor	General resources			Supplementary funds			Emergency relief and rehabilitation			Total
	Governments and inter-governmental agencies	Non-governmental sources	Subtotal	Governments and inter-governmental agencies	Non-governmental sources	Subtotal	Governments and inter-governmental agencies	Non-governmental sources	Subtotal	
GOVERNMENTS										
Antigua and Barbuda	500		500							500
Australia				3,025,243		3,025,243				3,025,243
Austria	162,601		162,601							162,601
Bangladesh	30,000		30,000							30,000
Belgium				(46,843)		(46,843)	1,923,076		1,923,076	1,876,233
Benin				244,012		244,012				244,012
Bolivia				69		69				69
Brazil	300,000		300,000							300,000
Bulgaria	118		118							118
Burkina Faso	5,093		5,093	676,405		676,405				681,498
Canada				5,136,236		5,136,236	372,842		372,842	5,509,078
China	12,077		12,077							12,077
Cuba	35,016		35,016							35,016
Cyprus	7		7							7
Democratic People's Republic of Korea	46,728		46,728							46,728
Denmark				761,381		761,381				761,381
Djibouti	1,000		1,000							1,000
Ethiopia	3,712		3,712							3,712
France							254,669		254,669	254,669
Gambia	5,000		5,000							5,000
Germany				7,522		7,522	(20,387)		(20,387)	(12,865)
Guinea-Bissau	2,500		2,500							2,500
Ireland				49,623		49,623				49,623
Italy	13,372,093		13,372,093	971,016		971,016	813,954		813,954	15,157,063
Kuwait	600,000		600,000							600,000
Lebanon	10,000		10,000							10,000
Lesotho	1,646		1,646							1,646
Libyan Arab Jamahiriya										
Luxembourg							309,410		309,410	309,410
Madagascar	657		657							657
Malawi	6,473		6,473							6,473
Mali				40,880		40,880				40,880
Mauritania	9,146		9,146							9,146
Mexico	50,000		50,000							50,000
Mongolia	20,000		20,000							20,000
Morocco	75,000		75,000							75,000
Netherlands				6,802,811		6,802,811	58,482		58,482	6,861,293
Norway				6,729,105		6,729,105	66,000		66,000	6,795,105
Pakistan	57,058		57,058							57,058
Paraguay	6,000		6,000							6,000
Peru	30,000		30,000	60,514		60,514				90,514

Donor	General resources			Supplementary funds			Emergency relief and rehabilitation			
	Governments and inter-governmental agencies	Non-governmental sources	Subtotal	Governments and inter-governmental agencies	Non-governmental sources	Subtotal	Governments and inter-governmental agencies	Non-governmental sources	Subtotal	Total
Republic of Korea							600,000		600,000	600,000
Romania	1,354		1,354							1,354
Saudi Arabia	1,000,000		1,000,000							1,000,000
Seychelles	100		100							100
Slovenia	3,013		3,013							3,013
Sri Lanka	2,099		2,099							2,099
Sudan	1,000		1,000							1,000
Sweden				13,422,265		13,422,265	3,148,696		3,148,696	16,570,961
Switzerland				613,430		613,430	100,384		100,384	713,814
Thailand	(301)		(301)							(301)
Tunisia	33,028		33,028							33,028
Turkey	52,762		52,762							52,762
United States of America	1,728,798		1,728,798	28,853,234		28,853,234	29,865,299		29,865,299	60,447,331
Uruguay	10,000		10,000							10,000
Viet Nam	12,795		12,795							12,795
Yemen	16,721		16,721							16,721
Zambia				167,898		167,898				167,898
Zimbabwe	3,449		3,449							3,449
Total Governments	17,707,243		17,707,243	67,514,801		67,514,801	37,492,425		37,492,425	122,714,469
INTERGOVERNMENTAL AGENCIES										
AGFUND				1,400,006		1,400,006				1,400,006
European Union				3,341,409		3,341,409	9,017,748		9,017,748	12,359,157
Inter-American Development Bank				650,667		650,667				650,667
OPEC Fund				230,000		230,000	500,000		500,000	730,000
Total Intergovernmental agencies				5,622,082		5,622,082	9,517,748		9,517,748	15,139,830
NATIONAL COMMITTEES FOR UNICEF										
Austria					5	5				5
Canada					2,719,162	2,719,162		124,437	124,437	2,843,599
Germany					258,748	258,748				258,748
Netherlands					873,394	873,394				873,394
Norway								578	578	578
Spain										
Switzerland					69,366	69,366				69,366
United Kingdom of Great Britain and Northern Ireland					63,788	63,788				63,788
United States of America					61,964	61,964				61,964
Total National Committees for UNICEF					4,046,427	4,046,427		125,015	125,015	4,171,442

Donor	General resources: Governments and inter-governmental agencies	General resources: Non-governmental sources	General resources: Subtotal	Supplementary funds: Governments and inter-governmental agencies	Supplementary funds: Non-governmental sources	Supplementary funds: Subtotal	Emergency relief and rehabilitation: Governments and inter-governmental agencies	Emergency relief and rehabilitation: Non-governmental sources	Emergency relief and rehabilitation: Subtotal	Total
NON-GOVERNMENTAL ORGANIZATIONS										
Argentina					(38,136)	(38,136)				(38,136)
Bolivia					29,508	29,508				29,508
Brazil										
Canada		488	488		55,141	55,141				55,629
Japan		2,720	2,720							2,720
Morocco					16,299	16,299				16,299
Thailand								494	494	494
Togo					7,234	7,234				7,234
United States of America		3,546	3,546		11,455,943	11,455,943		(788)	(788)	11,458,701
Total Non-governmental organizations		6,754	6,754		11,555,989	11,555,989		(294)	(294)	11,562,449
INTER-ORGANIZATION ARRANGEMENTS										
IFAD, Rome					859,500	859,500				859,500
UN Secretariat					101,253	101,253		50,000	50,000	151,253
UNCDF, New York					353,730	353,730				353,730
UNDCP, Vienna					10,500	10,500				10,500
UNDHA								2,330	2,330	2,330
UNDP, New York					739,350	739,350		550,000	550,000	1,289,350
UNFPA, New York					988	988		53,180	53,180	54,168
UNHCR, Geneva								47,095	47,095	47,095
WHO, Geneva								20,000	20,000	20,000
Total Inter-organization arrangements					2,065,321	2,065,321		722,605	722,605	2,787,926
Grand total	17,707,243	6,754	17,713,997	73,136,883	17,667,737	90,804,620	47,010,173	847,326	47,857,499	156,376,116

SUMMARY	General resources	Supplementary funds	Emergency relief	Totals
Governments	17,707,243	67,514,801	37,492,425	122,714,469
Intergovernmental agencies		5,622,082	9,517,748	15,139,830
National Committees for UNICEF		4,046,427	125,015	4,171,442
Non-governmental organizations	6,754	11,555,989	(294)	11,562,449
Inter-organization arrangements		2,065,321	722,605	2,787,926
Grand total	17,713,997	90,804,620	47,857,499	156,376,116

Schedule 5

Ageing of contributions receivable

at 31 December 1997

(United States dollars)

	Prior to 1995	1995	1996	1997	Total
GENERAL RESOURCES					
Governments and intergovernmental agencies	728,797	1,355,061	649,951	14,973,433	17,707,243
Non-governmental organizations	2,720	3,546		487	6,754
Subtotal	731,517	1,358,607	649,951	14,973,921	17,713,998
SUPPLEMENTARY FUNDS					
Governments and intergovernmental agencies	9,316,760	5,623,415	16,275,136	41,921,568	73,136,881
National Committees for UNICEF	(40,353)	853,097	2,116,175	1,117,507	4,046,427
Non-governmental organizations	468,107	327,812	1,894,815	8,865,253	11,555,989
Inter-organization arrangements	892,320	278,923	502,022	392,054	2,065,321
Subtotal	10,636,834	7,083,249	20,788,151	52,296,384	90,804,619
EMERGENCY RELIEF AND REHABILITATION					
Governments and intergovernmental agencies	2,593,552	2,771,323	5,465,134	36,180,163	47,010,173
National Committees for UNICEF		578	19,718	104,718	125,015
Non-governmental organizations	89	(384)			(294)
Inter-organization arrangements	617,094	55,510	50,000		722,605
Subtotal	3,210,736	2,827,027	5,534,853	36,284,882	47,857,499
SUMMARY					
Governments and intergovernmental agencies	12,639,109	9,749,800	22,390,223	93,075,166	137,854,299
National Committees for UNICEF	(40,353)	853,676	2,135,894	1,222,226	4,171,442
Non-governmental organizations	470,917	330,974	1,894,815	8,865,741	11,562,449
Inter-organization arrangements	1,509,415	334,433	552,022	392,054	2,787,926
GRAND TOTAL	14,579,088	11,268,884	26,972,956	103,555,187	156,376,117

Schedule 6

Accounts receivable, advances and deposits

at 31 December 1997

(United States dollars)

	1997	1995
ACCOUNTS RECEIVABLE		
From the United Nations and specialized agencies for supplies and advances for fellowships and other jointly-assisted projects	2,878,706	3,327,282
From non-governmental organizations for fund-raising campaigns		
National Committees for UNICEF	130,088,938	115,881,466
From Governments - other	602,223	667,986
For shipping and insurance claims	47,704	84,479
From banks - accrued interest	5,837,726	3,373,971
From Governments, United Nations agencies and other organizations for special accounts	9,472,144	12,626,859
From staff members	19,763,077	18,388,967
Miscellaneous	925,114	903,058
TOTAL ACCOUNTS RECEIVABLE	169,615,632	155,254,068
DEPOSITS AND PREPAYMENTS	1,359,931	1,743,083
ADVANCES		
To suppliers for goods and freight	1,929,612	2,473,844
GRAND TOTAL	172,905,175	159,470,995

Schedule 7

Inventories

at 31 December 1997

(United States dollars)

	1997	1995
UNICEF PROGRAMME SUPPLIES		
UNICEF Supply Division warehouse, Copenhagen		
In stock	17,555,525	34,822,780
In transit	828,624	749,167
	18,384,149	35,571,947
Packing materials	180,869	266,679
Total stocks in the UNICEF Supply Division warehouse, Copenhagen, and in transit	18,565,018	35,838,626
STOCKS IN OTHER LOCATIONS		
With suppliers		2,530
GREETING CARD AND RELATED OPERATIONS		
Raw materials	2,082,837	3,552,091
Products in process	1,201,581	1,166,626
Finished goods	2,733,178	5,482,577
	6,017,596	10,201,294
TOTAL INVENTORIES	24,582,614	46,042,449

Schedule 8

Contributions pledged and received in advance

as at 31 December 1997

(United States dollars)

	Received in advance				Pledged			
	General resources	Supplementary funds	Emergency relief and rehabilitation	Subtotal	General resources	Supplementary funds	Emergency relief and rehabilitation	Total
GOVERNMENTS								
Australia						1,286,900		1,286,900
Austria						615,000		615,000
Belgium						871,019		871,019
Canada						8,823,833		8,823,833
Ireland						1,875,742		1,875,742
Italy						4,069,767		4,069,767
Luxembourg						273,300		273,300
Netherlands		237,437		237,437		5,828,353		6,065,790
Norway						18,018,083		18,018,083
Sweden		993,617		993,617		39,581,418		40,575,035
Switzerland						80,000		80,000
United States						3,106,079		3,106,079
Subtotal		1,231,054		1,231,054		84,429,494		85,660,548
NATIONAL COMMITTEES FOR UNICEF								
Canada						1,211,125		1,211,125
Subtotal						1,211,125		1,211,125
NON-GOVERNMENTAL ORGANIZATIONS								
Canada						15,845		15,845
Subtotal						15,845		15,845
INTERGOVERNMENTAL AGENCIES								
European Union						1,000,258	464,134	1,464,392
Subtotal						1,000,258	464,134	1,464,392
INTER-ORGANIZATION ARRANGEMENTS								
UN Secretariat						211,200		211,200
IFAD, Rome						228,159		228,159
UNDCP, Vienna						9,500		9,500
Subtotal						448,859		448,859
GRAND TOTAL		1,231,054		1,231,054		87,105,581	464,134	88,800,769

Schedule 9

Accounts payable and other unliquidated obligations

at 31 December 1997

(United States dollars)

	1997	1995
ACCOUNTS PAYABLE		
To the United Nations and specialized agencies		
For staff salaries and related allowances	7,620,638	16,205,456
Greeting Card and related Operations	11,043,222	8,131,896
Freight	10,755	5,055
Miscellaneous	10,476,627	12,085,198
Total	29,151,243	36,427,605
UNLIQUIDATED OBLIGATIONS		
Programme budget accounts		
For supplies and equipment	76,165,936	60,770,514
For services	15,674,550	16,820,707
Administrative budget accounts	24,778,321	27,751,149
Total	116,618,808	105,342,370
GRAND TOTAL	145,770,051	141,769,975

Schedule 10

Procurement services and other services

for the biennium ended 31 December 1997

(United States dollars)

Customers	Balances as at 1 January 1996	Adjustments	Funds received	Funds advanced	Total funds available	Expenditure	Funds returned/ transferred	Balance as at 31 December 1997
Afghanistan	(225,027)		11,264	586,477	372,714		372,714	
AGFUND	(125,418)				(125,418)			(125,418)
Algeria	3,082				3,082			3,082
Angola			215,087		215,087			215,087
Argentina	(25,977)		(246)		(26,223)			(26,223)
Armenia			14,141		14,141	12,729		1,412
Australia	53,901		(3,747)		50,154	45,055	3,747	1,352
Austria	77,445		368,902		446,347	203,183		243,164
Bangladesh	10,335,997		12,161,669	4,861,878	27,359,544	16,356,721	5,418,085	5,584,738
Belarus	42,651				42,651		42,651	
Belgium	6,839		377,566		384,405	7,367	389	376,648
Belize	5,302		98,360		103,662	92,132	11,530	
Benin	36,625		305,478	10,354	352,457	191,547	12,924	147,986
Bhutan	6,794		21,147		27,941		1,327	26,614
Bolivia	118,838		1,757,872		1,876,710	1,749,312	30,107	97,290
Botswana	(3,912)		40,629	607	37,324		607	36,717
Brazil	738,550		11,671	9,633	759,854	749,776	7,766	2,312
Burundi	4,766				4,766			4,766
Cambodia			104,419		104,419	42,603		61,816
Cameroon	38,564		91,430		129,994	66,197	3,802	59,995
Canada	706,167		598,907		1,305,074	679,864	12,910	612,300
Cape Verde						30		(30)
Central African Republic	10,234		33,965	384	44,583	32,773	785	11,025
Chad			29,876		29,876	26,554	3,322	
Chile	(5)		12,627		12,622			12,622
Colombia	175,549		533,109	187,474	896,132	257,157	187,474	451,501
Comoros	(357)				(357)	(357)		
Congo	72,519		48,320	2,621	123,460	139,929	8,072	(24,541)
Côte d'Ivoire			101,670		101,670	89,942		11,728
Democratic Republic of the Congo		570,569	(332,259)		238,310	221,503		16,807
Denmark	1,575,876		1,636,265		3,212,141	2,779,820	204,893	227,428
Djibouti			23,955		23,955	22,029	1,926	
Dominican Republic	1,294		14,097	1,294	16,685	5,525	11,160	

Customers	Balances as at 1 January 1996	Adjustments	Funds received	Funds advanced	Total funds available	Expenditure	Funds returned/ transferred	Balance as at 31 December 1997
Ecuador	507,721		1,427,022		1,934,743	1,910,199	2,741	21,803
El Salvador			13,130		13,130	10,907	2,223	
Eritrea	25,435				25,435		25,435	
Ethiopia	188,153		359,992		548,145	140,342	9,642	398,161
European Union	(863,921)				(863,921)	144,735		(1,008,656)
Fiji	385		20,318		20,703	19,007	1,696	
Finland	141,042	94,940	639,320		875,302	425,024	13,951	436,327
France	689,066		515,666		1,204,752	827,870		376,882
Gambia	80,886		11,484	6,031	98,401	46,478	6,549	45,374
Germany	1,923,194	5,419	4,534,665		6,463,278	4,970,249	3,947	1,489,082
Ghana	426,011		2,150,817	502,505	3,079,333	2,260,270	460,003	359,060
Guatemala	712,722		4,233,812		4,946,534	4,934,001	10,984	1,549
Guinea	788,633		561,719	103,529	1,473,881	1,296,994	110,939	63,948
Guinea-Bissau	71		2,354		2,425	2,354		71
Guyana	19,964		158,335	15	178,334	152,215	15	26,103
Honduras	357,987		157,482		515,469	287,430	233,649	(5,610)
India	22,458,305		8,523,803	6,065,854	37,047,962	26,124,889	6,075,084	4,847,989
Iran (Islamic Republic of)	486				486		486	
Iraq	108,647			25,351	133,998	103,761	25,351	4,886
Ireland	26,808		23,241	1,140	51,189	37,228	2,334	11,627
Italy	1,533,560	37,121	29,854	7,691	1,608,226	1,296,907	7,921	303,398
Italy (EPI)		(38,655)			(38,655)	(38,655)		
Jamaica	33,992		158,943	10,013	202,948	139,341	37,592	26,015
Japan	(5,934,402)	(30,610)	39,482,211	861,884	34,379,083	36,941,124	1,346,685	(3,908,726)
Kazakhstan		20,593	265,385	46,956	332,934	55,532	46,956	230,446
Kenya	299,142		372,727	1,365	673,234	327,162	1,365	344,707
Kyrgyzstan			386,866		386,866	315,631		71,235
Lebanon	(32,100)		930,984	131,032	1,029,916	860,336	132,964	36,616
Lesotho	3,711				3,711		3,711	
Liberia	1,611				1,611			1,611
Libyan Arab Jamahiriya	30,894		927,435	30,894	989,223	319,340	33,793	636,090
Madagascar	86,426		745,955	165,262	997,645	664,687	253,740	79,218
Malawi	2,761,190		833,304	1,132,390	4,746,884	2,878,790	1,132,390	735,704
Mali	268,387		1,615,461	89,877	1,973,745	1,669,020	134,674	150,051
Mauritania	(24,741)		1,704,246	118,624	1,798,129	1,581,284	147,263	69,582
Micronesia (Federated States of)	21,953		7,503	20,974	50,430	17,027	28,477	4,926

Customers	Balances as at 1 January 1996	Adjustments	Funds received	Funds advanced	Total funds available	Expenditure	Funds returned/ transferred	Balance as at 31 December 1997
Morocco	605,057		(333,909)	(32,924)	238,224	533,669	94,671	(390,116)
Mozambique	94,940	(94,940)						
Myanmar	3,405				3,405			3,405
Nepal	96,089		239,945		336,034	302,266	26,321	7,447
Netherlands	268,756	(324)	2,927,594	34,278	3,250,304	3,099,320	92,353	58,631
Nicaragua	2,296		38,797		41,093	7,829	104	33,160
Niger	199,336		210,622		409,958	63,358		346,600
Nigeria	1,301,226		24,232	1,124,731	2,450,189	13,031	1,229,864	1,207,294
Norway	352,550		1,915,958		2,268,508	1,142,091		1,126,417
Oman	251,730		176,669	2,491	432,890	313,164	98,047	21,679
OPEC Fund	23,719		23,434		47,153	47,964	154	(965)
Pakistan	3,392,048		1,898,051	42,486	5,332,585	3,825,868	551,750	954,967
Panama			681,589		681,589	3,865	422	677,302
Papua New Guinea	14,363		272,486		286,849	226,921	35,955	23,974
Peru	769,423		1,032,695		1,802,118	405,966	6,046	1,390,106
Philippines	2,690,242		5,353,243	1,391,329	9,434,814	4,241,668	1,326,479	3,866,667
Republic of Korea			194,004		194,004	105,156		88,848
Republic of Moldova			14,208		14,208	13,053	1,155	
Romania	20,613,197		23,672	534,409	21,171,278	19,281,331	521,520	1,368,427
Rwanda	205,599				205,599			205,599
Sao Tome and Principe	22,038		432,602	101,987	556,627	260,563	54,602	241,462
Senegal	583		39,176		39,759	294,857		(255,098)
Sierra Leone	161,759		78,691	195,097	435,547	179,607	207,713	48,027
Solomon Islands	273				273		273	
Spain			130,000		130,000		596,244	(466,244)
Sri Lanka	238,493				238,493	202,552	35,941	
Sudan	54,065		276,361	17,386	347,812	34,720	90,362	222,730
Sweden	(170,726)	527	1,280,096		1,109,897	1,504,718	982	(395,783)
Switzerland	158,549		(15,676)		142,873	50,527		92,346
Syrian Arab Republic	2,032		174,471		176,503	118,640		57,863
Thailand	31,779				31,779	11,688	20,091	
Togo			252,427		252,427	213,998	38,429	
Tokelau	1,791				1,791		1,791	
Tonga			1,234		1,234	1,144	90	
Tunisia	(2,255)		2,392		137	136	1	

Customers	Balances as at 1 January 1996	Adjustments	Funds received	Funds advanced	Total funds available	Expenditure	Funds returned/ transferred	Balance as at 31 December 1997
Turkey	456,875		8,424,325	103,953	8,985,153	7,209,616	103,954	1,671,583
Turkmenistan	182,739	5,301	66,038	2,790	256,868	181,620	68,366	6,882
Uganda	493,083		747,063	206,718	1,446,864	319,726	210,899	916,239
United Kingdom of Great Britain and Northern Ireland	59,843		4,168,980		4,228,823	1,537,094		2,691,729
United Republic of Tanzania	604,346		261,869	367,141	1,233,356	495,596	560,916	176,844
United States of America	177,102		794,527	1,328	972,957	609,024	327,948	35,985
Uzbekistan			675,600	33,706	709,306	241,894	33,706	433,706
Venezuela	1,622,688		3,069,999		4,692,687	3,948,232		744,456
Viet Nam			188,068	20,026	208,094	162,648	23,230	2,216
Yemen	427,819	266,766	314,115	144,312	1,153,014	336,055	153,670	663,289
Zambia	220,806		11,263		232,069	204,928	7,451	19,690
Zimbabwe	22,296		166,878	23,928	213,102	181,807	23,928	7,367
Zaire	570,569	(570,569)						
Total	76,532,080	266,138	125,326,017	19,297,284	221,421,519	166,463,184	23,174,158	31,784,178
UNITED NATIONS SYSTEM								
FAO, Rome	(236)		35,293		35,057	33,402	1,655	
UNICEF GCO, Geneva	(129)		615		486	486		
IAEA, Vienna			1,214		1,214	1,214		
PAHO, Washington, D.C.	(42,828)		107,157		64,329	64,329		
UN, Emergency Funds (DHA/Iraq)			22,237,459		22,237,459	25,152,109		(2,914,650)
United Nations Secretariat	(59,596)		709,082	49,800	699,286	381,661	3,553	314,072
UNDP, New York	(1,098)		429,013		427,915	289,899	14,723	123,293
UNFPA, New York	3,401,485		5,008,859	13,614	8,423,958	8,308,915	45,614	69,429
UNHCR, Geneva	(82,986)		417,513		334,527	338,911	16,776	(21,160)
United Nations Human Rights Field Operations - Rwanda			3,755		3,755	3,522	233	
UNRWA, Beirut	(171,894)		669,161	198,873	716,140	495,734	198,482	21,924
WHO, Geneva	(249,462)		2,269,216	5	2,019,759	2,026,282	37,860	(44,383)
World Bank	37,054		865,460	9,989	912,523	749,090	145,460	17,973
WFP, Rome	(116)		116					
Total	2,830,194		32,773,933	272,281	35,876,408	37,845,554	484,356	(2,433,502)
Others	5,747,398	1,638,576	22,053,658	416,268	29,855,900	16,003,441	3,169,185	10,683,274

Summary	Balances as at 1 January 1996	Adjustments	Funds received	Funds advanced	Total funds available	Expenditure	Funds returned/ transferred	Balance as at 31 December 1997
Customers	76,532,080	266,136	125,326,017	19,297,284	221,421,519	166,463,184	23,174,158	31,784,177
United Nations system	2,830,194		32,773,933	272,261	35,876,406	37,845,554	464,356	(2,433,502)
Others	5,747,398	1,638,576	22,053,658	416,268	29,855,900	16,003,441	3,169,185	10,683,275
			180,153,609	19,985,833	287,153,827	220,312,179	26,807,699	
Net credit balances	85,109,672	1,904,714						40,033,950
Total debit balances	12,621,920	(1,904,714)						9,472,144
Grand total	97,731,592							49,506,094

Schedule 11

Income, expenditures and account balance related to procurement services

for the biennium ended 31 December 1997

(United States dollars)

SOURCES OF FUNDS	
Balance, 1 January 1996	2,000,000
Funds received	10,091,744
Price variance	1,503,344
Total funds available	13,595,088
USES OF FUNDS	
Staff-related expenses	6,784,955
Transfer to miscellaneous income	4,810,133
Total expenditures	11,595,088
Balance, 31 December 1997	2,000,000

Schedule 12

Summary of overexpenditures in country programmes

for the biennium ended 31 December 1997

(United States dollars)

Region/country	General resources	Supplementary funds	Emergency relief & rehabilitation	Total
AFRICA				
Angola			91,659	91,659
Burundi	232,943	6,303	282,766	522,012
Central African Republic		924		924
Chad		71,163		71,163
Côte d'Ivoire		36,008		36,008
ESARO			10,463	10,463
Ethiopia		26,091		26,091
Ghana		38,251		38,251
Kenya		5,995		5,995
Malawi		13,807		13,807
Mali		47,989		47,989
Regional			420,495	420,495
Rwanda			47,029	47,029
Senegal		4,404		4,404
Sierra Leone			97,043	97,043
Somalia		148,661	92,775	241,436
South Africa		5,095		5,095
Togo		31,804		31,804
Uganda		18,300		18,300
United Republic of Tanzania			9,562	9,562
Total Africa	232,943	454,795	1,051,792	1,739,530

Region/country	General resources	Supplementary funds	Emergency relief & rehabilitation	Total
AMERICAS AND THE CARIBBEAN				
Central America and Panama		20		20
Bolivia		10,451		10,451
El Salvador		8,547		8,547
Haiti		53,388		53,388
Mexico		122,533		122,533
Panama		6,015		6,015
Suriname		447		447
Venezuela		12,111		12,111
Total Americas and the Caribbean		213,512		213,512
ASIA				
Afghanistan			38,181	38,181
Bhutan		28,926		28,926
Cambodia		6,078		6,078
India		141,125		141,125
Democratic People's Republic of Korea			86,334	86,334
Lao People's Democratic Republic		64,405		64,405
Myanmar		45,350		45,350
Pacific island countries		16,102		16,102
Pakistan		17,205		17,205
Sri Lanka		47,511		47,511
Total Asia		366,702	124,515	491,217

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Region/country	General resources	Supplementary funds	Emergency relief & rehabilitation	Total
EUROPE				
Belarus		2,932		2,932
Georgia			10,024	10,024
Yugoslavia (former)			10,637	10,637
Regional			3,740	3,740
Total Europe		2,932	24,401	27,333
MIDDLE EAST AND NORTH AFRICA				
Algeria		62,652		62,652
Iraq			82,137	82,137
Lebanon		5,853		5,853
Sudan		13,411	136,180	149,591
Total Middle East and North Africa		81,916	218,317	300,233
INTERREGIONAL				
Food and nutrition surveillance		9,853		9,853
Education Reserve Fund		1,788		1,788
Total Interregional		11,641		11,641
Grand total	232,943	1,131,498	1,419,025	2,783,466

Annex I

Statistical and other data

The present annex comprises tables giving statistical and other data concerning UNICEF activities which, although not forming part of the financial statements, are provided for information purposes.

Tables

1. Total new programmes funded from general resources, supplementary funds and emergency relief and rehabilitation funds approved during the biennium ended 31 December 1997 (summary by region and type of programme)
2. Summary of new programmes funded from general resources approved by the Executive Board during the biennium ended 31 December 1997 (summary by region and type of programme)
3. New programmes entering into effect during 1996–1997 between Board sessions corresponding to specific contributions received or pledged during 1996–1997 and adjustments and transfers
4. Summary of expenditures in 1996–1997 by region and type of programme
5. Expenditure for cooperation by programme in 1996 and 1997

Table 1

Total new programmes funded from general resources, supplementary funds and emergency relief and rehabilitation funds approved during the biennium ended 31 December 1997 (summary by region and type of programme)

(Thousands of United States dollars)

	Africa		Americas and the Caribbean		Asia		Middle East and North Africa		Central & Eastern Europe, CIS and the Baltic States		Interregional		Total			
	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	Total	Percentage
Health	62,343	45,525	17,567	8,031	43,636	22,648	14,940	7,271	10,089	3,377	29,650	30,032	198,225	116,884	315,109	23
Water supply and sanitation	31,531	19,068	3,233	5,996	19,480	9,760	6,139	538		61		382	60,383	35,805	96,188	7
Nutrition and household food security	11,768	3,506	1,072	3,495	23,019	10,223	2,770	1,650	1,236	520	95	3,391	40,030	22,785	62,815	5
Education	64,162	24,805	17,160	9,166	29,942	27,258	9,833	5,634	3,592	1,559	1,416	1,430	126,105	69,852	195,957	14
Young child development	1,955	686	1,886	403	3,764	57	468	728	625				8,698	1,874	10,572	1
Community organization and development	12,206	2,745	4,345	3,467	18,460	5,411	1,239	383	732	(22)			36,982	11,984	48,966	4
Area-based, integrated and urban services	2,800	399	12,286	3,273	5,201	2,783	1,929	1,334	1,434	101			23,650	7,890	31,540	2
Women-centred programmes	73	247	1,257	791	3,350	365	963	671			54	(30)	5,717	2,044	7,761	1
Children in especially difficult circumstances	6,600	7,862	16,820	15,205	3,096	3,917	752	707	2,116	891	3,775	2,173	33,159	30,755	63,914	5
Advocacy	15,089	6,288	13,299	5,943	14,737	8,215	2,582	2,495	2,065	838	569	262	48,341	24,039	72,380	5
Planning and social statistics	25,399	7,817	14,352	7,146	7,487	2,779	2,606	574	2,687	900	9,563	9,137	62,094	28,253	90,347	7
Cross-sectoral	38,400	10,763	20,709	5,892	30,211	6,251	10,934	2,140	9,572	606	7,879	6,444	117,705	32,096	149,801	11
Emergency relief and rehabilitation	49,347	41,565	191	115	5,015	20,631	30,529	30,377	21,988	7,641	22,340		129,408	100,529	229,937	17
Miscellaneous	39		119				156						314		314	0
Total	341,732	171,276	124,296	66,923	207,398	120,498	85,860	54,502	56,134	16,370	75,341	53,221	890,811	484,790	1,375,601	100
Balance from previously approved programmes													(193,405)	(17,739)	(211,144)	
Programme cancellations																
Subtotal													697,406	467,051	1,164,457	
Recovery cost													9,834	10,438	20,272	
Savings and deficit														2,338	2,338	
GRAND TOTAL													707,240	479,827	1,187,067	

Table 2

Summary of new programmes funded from general resources approved by the Executive Board during the biennium ended 31 December 1997 (summary by region and type of programme)

(Thousands of United States dollars)

	Africa		Americas and the Caribbean		Asia		Middle East and North Africa		Central & Eastern Europe, CIS and the Baltic States		Interregional		Total			
	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	Total	Percentage
Health	52,297	18,805	9,504	2,483	23,704	7,017	11,627	4,907	8,937	2,268			106,069	35,280	141,349	20
Water supply and sanitation	18,697	1,226	1,389	188	17,866	6,250	5,375	108					43,327	7,774	51,101	7
Nutrition and household food security	8,963	454		2,018	21,996	7,515	1,093	273	1,032				33,084	10,260	43,344	6
Education	34,090	12,460	9,324	337	23,090	7,277	7,393	3,764	2,813	800			76,710	24,638	101,348	15
Young child development	1,610		1,321		3,602	37	151	516	625				7,309	553	7,862	1
Community organization and development	7,914		470		15,938	3,034	753	24	522				25,597	3,058	28,655	4
Area-based, integrated and urban services	2,565		11,949	1,930	5,188	2,700	1,845	1,295	1,434				22,981	5,925	28,906	4
Women-centred programmes			565		3,020		470	243					4,055	243	4,298	1
Children in especially difficult circumstances	4,491	3,718	8,582	1,611	915	67	752	337	2,116	800			16,856	6,533	23,389	3
Advocacy	13,288	4,659	11,637	1,884	12,454	5,051	2,496	2,240	2,065	800			41,940	14,634	56,574	8
Planning and social statistics	22,500	5,534	13,137	5,044	6,397	1,011	2,096	416	2,601	800			46,731	12,805	59,536	9
Cross-sectoral	33,402	8,484	17,081	4,527	28,234	5,083	10,735	2,071	9,132	600	25	25	98,609	20,790	119,399	17
Emergency relief and rehabilitation	3,428		110				67		184		22,340		26,129		26,129	4
Miscellaneous	39		119				156						314		314	0
Total	203,284	55,142	85,188	20,022	162,404	45,042	45,009	16,194	31,461	6,068	22,365	25	549,711	142,493	692,204	100
Balance from previously approved programmes																
Programme cancellations													(193,403)	(17,739)	(211,142)	
Subtotal													356,308	124,754	481,062	
Savings and deficit														2,338	2,338	
GRAND TOTAL													356,308	127,092	483,400	

Table 3

New programmes entering into effect during 1996–1997 between Board sessions corresponding to specific contributions received or pledged during 1996–1997 and adjustments and transfers

(Thousands of United States dollars)

	Africa		Americas and the Caribbean		Asia		Middle East and North Africa		Central & Eastern Europe, CIS and the Baltic States		Interregional		Total			
	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	Total	Percentage
Health	30,046	26,920	6,063	5,548	19,932	15,631	3,313	2,364	1,152	1,109	29,650	30,032	92,156	81,604	173,760	25
Water supply and sanitation	12,834	17,640	1,844	5,806	1,614	3,510	764	430		61		382	17,056	28,031	45,087	7
Nutrition and household food security	2,825	3,052	1,072	1,477	1,023	2,706	1,677	1,377	254	520	95	3,391	6,946	12,525	19,471	3
Education	30,072	12,345	7,836	6,829	6,852	19,981	2,440	1,870	779	759	1,416	1,430	49,395	45,214	94,609	14
Young child development	345	686	565	403	162	20	317	212					1,389	1,321	2,710	0
Community organization and development	4,292	2,745	3,875	3,467	2,522	2,377	456	359	210	(22)			11,355	8,926	20,311	3
Area-based, integrated and urban services	235	399	337	1,343	13	83	84	39		101			669	1,965	2,634	0
Women-centred programmes	73	247	692	791	330	365	513	428			54	(30)	1,662	1,801	3,463	1
Children in especially difficult circumstances	2,109	4,144	8,238	13,594	2,181	3,850		370		91	3,775	2,173	16,303	24,222	40,525	6
Advocacy	1,801	1,629	1,662	4,059	2,283	3,164	86	255		36	569	262	6,401	9,405	15,806	2
Planning and social statistics	2,899	2,283	1,215	2,102	1,090	1,768	510	158	86		9,563	9,137	15,363	15,448	30,811	5
Cross-sectoral	4,996	2,279	3,626	1,365	1,977	1,168	199	69	440	6	7,654	6,419	19,096	11,306	30,402	4
Emergency relief and rehabilitation	45,919	41,565	81	115	5,015	20,831	30,462	30,377	21,802	7,641			103,279	100,529	203,808	30
Miscellaneous																0
Total	136,446	116,134	39,108	46,901	44,994	75,456	40,851	38,306	24,723	10,302	52,976	53,196	341,100	342,297	683,397	100
Recovery cost													9,834	10,438	20,272	
Adjustments													(2)		(2)	
GRAND TOTAL													350,932	352,735	703,667	

Table 4

Summary of expenditures in 1996–1997 by region and type of programme

(Thousands of United States dollars)

	Africa		Americas and the Caribbean		Asia a/		Middle East and North Africa a/		Central & Eastern Europe CIS and the Baltic States		Interregional		Total			
	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	Total	Percentage
Child health																
Immunization	23,330	21,369	3,286	957	30,858	20,158	4,409	3,952	1,509	745	1,129	663	64,521	47,844	112,365	8
Oral rehydration therapy	1,229	174	589	61	969	775	647	336	29	15	0	0	3,463	1,361	4,824	0
Other health	42,314	49,389	18,067	13,701	43,431	47,554	6,071	8,631	6,724	6,766	(725)	361	115,882	126,402	242,284	18
Subtotal, Child health	66,873	70,932	21,942	14,719	75,258	68,487	11,127	12,919	8,262	7,526	404	1,024	183,866	175,607	359,473	27
Child nutrition and food	8,453	4,147	1,839	1,337	17,314	13,753	593	579	181	1,175	120	296	28,500	21,287	49,787	4
Water supply and sanitation	22,792	20,484	9,736	6,862	31,002	24,936	4,478	2,814	291	295	(2)	0	68,297	55,391	123,688	9
Education b/	20,451	30,838	14,857	14,631	25,776	29,338	4,996	5,785	1,008	854	172	59	67,260	81,505	148,765	11
Other programme areas c/	19,502	12,985	20,839	21,031	19,976	24,496	2,602	2,437	1,607	1,877	1,877	1,740	66,403	64,566	130,969	10
Emergency	68,987	77,461	1,775	300	7,190	12,292	35,579	38,976	31,166	22,274	(95)	36	144,602	151,339	295,941	22
Planning/advocacy/cross-sectoral	48,603	41,762	24,380	23,432	33,098	34,914	9,014	9,629	7,818	10,050	1,905	3,183	124,818	122,990	247,808	18
Total	255,661	258,629	95,368	82,312	209,614	208,216	68,389	73,139	50,333	44,051	4,381	6,338	683,746	672,685	1,356,431	100
Programme support													157,099	153,043	310,142	
Total programme cooperation													840,845	825,728	1,666,573	
Management and administration													83,459	91,162	174,621	
Recovery from programmes													(3,197)	(3,442)	(6,639)	
TOTAL EXPENDITURE													921,107	913,448	1,834,555	

a/ Figures for Asia include Afghanistan rehabilitation programme.
b/ Includes young child development programme.
c/ Consists of community development and organization, children in especially difficult circumstances and women-centred programmes.

Table 5

Expenditure for cooperation by programme in 1996 and 1997

(Thousands of United States dollars)

	1994		1995		Total 1994-1995		1996		1997		Total 1996-1997		1996-1997 over 1994-1995 increase (decrease)	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	Percentage
Child health	201,511	25	211,646	26	413,157	26	183,866	27	175,607	26	359,473	27	(53,684)	-13
Child nutrition	31,338	4	31,026	4	62,364	4	28,500	4	21,287	3	49,787	4	(12,577)	-20
Water supply and sanitation	81,339	10	71,183	9	152,522	10	68,297	10	55,361	8	123,658	9	(28,864)	-19
Education a/	86,540	11	85,022	11	171,562	11	67,260	10	81,505	12	148,765	11	(22,797)	-13
Other programme areas b/	63,432	8	65,136	8	128,568	8	66,403	10	64,566	10	130,969	10	2,401	2
Emergency	215,636	27	203,041	25	418,677	26	144,602	21	151,339	22	295,941	22	(122,736)	-29
Planning/advocacy/cross-sectoral	120,839	15	136,375	17	257,205	16	124,818	18	122,990	18	247,808	18	(9,397)	-4
	800,636	100	803,430	100	1,604,056	100	683,746	100	672,695	100	1,356,431	100	(247,624)	-15
Programme support	99,100		108,183		207,283		157,099		153,043		310,142			
Total programme cooperation	899,736		911,613		1,811,339		840,845		825,738		1,666,573			

a/ Includes young child development.
b/ Consists of community development and organization, children in especially difficult circumstances and women-centred programmes.

Glossary of selected UNICEF terminology used in the report

Accounts, audited

The financial statements of the organization for a specified period or at a specified date audited by the External Auditors (United Nations Board of Auditors).

Accrual basis of accounting

The accrual basis of accounting for revenue in each financial period means that income is recognized when it is due and not when it is received. Accrual of expenditures in each financial period means that costs are recognized when obligations arise or liabilities are incurred and not when payments are made.

Asset

An asset is a resource owned by or due to the organization as a result of past events.

Budget

A plan in financial terms for carrying out proposed activities in a specified time. The term "budget" is used to refer to UNICEF programme support, management and administration costs, programme assistance as well as to greeting card and related operations. However, the Executive Board approves an appropriation of funds only for the UNICEF support budget.

Budget appropriations

The total appropriation of funds approved by the Executive Board for UNICEF programme support, management and administration costs, and programme assistance against which obligations may be incurred for those purposes up to the amount so approved.

Budget estimates

Estimates of the costs of proposed programme support, management and administration, and programme assistance prepared for submission to the UNICEF Executive Board for the approval of relevant appropriations.

Budget estimates, revised

Resulting from Executive Board approval of "supplementary estimates" proposed to adjust an approved budget.

Cash holdings

The aggregation of all the funds of the organization, including coins, bank notes, cheques, balances in current and call accounts, saving accounts and interest-bearing deposits.

Cash-in-transit

Cash transfers between one or more UNICEF bank accounts at a specified time.

Cash in current bank accounts

The aggregate of money maintained in UNICEF bank accounts, as reflected in UNICEF books of account, to sustain operational requirements.

Cash in interest-bearing deposits

Funds temporarily available, over those needed for immediate requirement, held in short-term, interest-bearing deposits and ready to be drawn down when needed.

Cash-on-hand (also called "petty cash")

Cash kept on hand by authorized officers as a convenience for making small payments on behalf of the organization.

Contributions, voluntary

Contributions to UNICEF that are offered and accepted without reference to a scale of assessment determined by any United Nations legislative body.

Contributions receivable

Contributions pledged to UNICEF but not received until a future time.

Currencies of "restricted use" for UNICEF

Currencies, the use of which (mainly in respect of transferability and convertibility) is limited because of foreign exchange regulations or donor's wish. When those limitations do not exist, the currencies are considered by UNICEF as "unrestricted" because these are fully convertible.

Earmarked

To give expression to a restriction imposed by agreement or by administrative action on the use of an account or of an equivalent amount of assets.

Expenditures

Expenditure for a financial period is the sum of the disbursements and valid unliquidated obligations made against the appropriation/allocation of the period.

Financial periods

The operating period of the organization, covered by the financial statements, is on a biennial basis.

Financial regulations

Until 31 December 1987, UNICEF accounts were maintained in accordance with the Financial Regulations of the United Nations, with such modifications as required by the nature of UNICEF work. Since 1 January 1988, UNICEF accounts have been maintained in accordance with the UNICEF Financial Regulations and Rules.

Fund balance

Fund balances and reserves represent the difference between the assets and the liabilities of the organization. Consists of funds available for the implementation of programmes funded by general resources and supplementary funds as well as funds available for the acquisition of capital assets.

Income

Income for a financial period is defined as money or money equivalent received or accrued during the financial period which increases existing net assets.

UNICEF income is recorded on the basis of funds or pledges received for the current year. It comprises funds classified as "general resources", "supplementary funds" and "emergency relief and rehabilitation".

Income, deferred

Funds received or pledges recorded as receivable, attributable to future financial periods and, therefore, not credited to the income account of the period reported on.

Income, general resources

Unearmarked income which includes funds from voluntary annual contributions of Governments, the net income from greeting card and related operations, funds contributed by the public and certain "other (or miscellaneous) income".

Income, other

Also referred to as "miscellaneous income" for general resources.

Miscellaneous income is defined in the United Nations system as income other than (a) the value of assessed or voluntary contributions; and (b) such other income items as may be excluded under the organization's financial regulations and rules.

In UNICEF, this includes income other than the value of the voluntary contributions and the net income of greeting card and related operations.

Income, supplementary funds

Specific contributions for programmes approved by the UNICEF Executive Board, in addition to general resources, which then become part of UNICEF programmes.

Consists of funds contributed to UNICEF by Governments, non-governmental organizations and United Nations agencies for specific purposes.

Income, emergency relief and rehabilitation

Consists of funds contributed to UNICEF by Governments, non-governmental organizations and United Nations agencies for emergency appeals.

Inventory

The value of supplies and equipment for programmes owned by the organization, as well as the greeting card and related operations materials at the end of an accounting or financial period.

Liability

A liability is a present obligation of the organization arising from past events, the settlement of which is expected to result in an outflow of resources from the organization.

Liquidity policy

Owing to the nature of programme implementation and UNICEF cash flows, there may occur, from time to time, short-term imbalances between general resources cash disbursements and cash receipts. The UNICEF liquidity policy allows these temporary imbalances to be offset by up to one half of the balance of supplementary cash-on-hand.

Liquidity requirement

In order to meet UNICEF liquidity requirements, general resources convertible cash balances, at the end of each fiscal year, are required to equal 10 per cent of projected general resources income for the next fiscal year.

Local currency

The currency of the country or area in which the local financial records of an activity are kept and/or in which its local financial transactions take place.

Non-expendable property

Items of property and equipment charged to the administrative budget with an individual unit cost of at least $1,500.

Obligation

Obligations are amounts of orders placed, contracts awarded, services received and other transactions which involve a charge against the resources of the current financial period. Obligations may be maintained either for that period or until liquidated or cancelled.

Pledge

A written commitment by a prospective donor to make a voluntary contribution to UNICEF. A written commitment which is subject to the need to secure an appropriate national legislative approval is considered a pledge.

Procurement services

UNICEF assists Governments, United Nations agencies and NGOs working in the fields of benefit to children by undertaking, on request and on a reimbursable basis, the procurement of goods and services. A small handling charge is added by UNICEF to the cost of the supplies and services to cover the costs of extra administration and documentation (see special accounts).

Rates of exchange

The UNICEF accounts are maintained in United States dollars. Transactions in other currencies are converted for recording into United States dollars, in principle, at the United Nations operational rates of exchange.

Reserve for insurance

A reserve of $200,000 was established by the Executive Board in November 1950 when UNICEF adopted a policy of self-insurance for programme supplies. UNICEF also has a reserve for third-party liability, which had a balance at 31 December 1995 of $26,399.

Schedule

Explanatory or supporting analyses accompanying financial statements.

Special accounts

Funds accepted by UNICEF mainly to cover the costs of procurement of supplies and services undertaken by UNICEF on behalf of others. They also include financing provided by sponsors to cover the costs of Junior Professional Officers as well as costs specifically approved by the Executive Board, such as those relating to the World Summit for Children and the World Conference on Education for All. These funds are not considered UNICEF income and are recorded separately and distinguished from funds that are part of income and are spent for programmes approved by the Board.

Specific contributions

Programme recommendations are often prepared in excess of the input available from general resources. These recommendations are approved by the Board as suitable for funding by supplementary contributions and contributions for emergency relief and rehabilitation from donors. When a contribution for specific purposes is made for such

a programme, the corresponding commitment enters into effect (usually between Board sessions).

Unencumbered balance

That portion of the approved budget that has not been expended at the end of the year. The unspent balance at the end of the biennium is cancelled and reported to the Executive Board.

Write-off

An adjustment to the accounts in order to record the loss of or reduction in the value of an asset.